



AGROCREDIT
АГРАРЛЫҚ НЕСИЕ КОРПОРАЦИЯСЫ

ANNUAL REPORT

Preserving traditions

2023

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ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear partners and colleagues!

We are pleased to present to your attention the annual report of JSC Agrarian Credit Corporation (hereinafter – ACC, Corporation) for 2023.

Nurbolat Aidapkelov

Chairman of the Board of Directors of JSC Agrarian Credit Corporation

Our key performance indicators over the past year have been at a high level, which indicates the stability and effectiveness of our work. The financial condition of the company also remains strong due to high-quality resource and financial management.

It is gratifying that every third agricultural producer in the country is our client (in 2023, the number of final borrowers amounted to 85,884). The share

of ACC in the total volume of financing of the agro-industrial complex of the country is more than 76%. That is, every three of the four funded projects received support from the Corporation.

« **The financing of ACC, including its subsidiary KazAgroFinance JSC, amounted to 554,7 billion tenge in 2023 and reached an absolute historical maximum, plans for lending programs have been exceeded.**

We understand that sufficient lending to the industry plays an important role in ensuring food security. The Corporation constantly keeps its finger on the pulse in order to identify areas in time that require additional funding. So, last year, special attention was paid to financing vegetable storages, irrigation projects and processing of agricultural products. In total, 4,5 billion tenge has been allocated to finance such projects, which is 21% of all investment projects financed in 2023.

The Corporation is constantly improving the availability of services for farmers. The outgoing year was remembered for difficult weather conditions, when prolonged torrential rains negatively affected the harvest of the main grain-growing regions. The level of precipitation was three times higher than the annual average.

To help farmers, the Corporation deferred payments to farmers in the amount of more than 35 billion tenge as soon as possible, taking into account KazAgroFinance JSC, the amount is almost 43,5 billion tenge.

In general, ACC demonstrated positive results in 2023 for all consolidated indicators.

We expect from the Management Board of the Corporation that in the coming years the effectiveness of programs in the agricultural sector will continue to increase, for the benefit of every village and every citizen of Kazakhstan.

« **Plans for 2024 include further development of the Corporation, increasing the volume of loans provided and improving customer service. We look forward to the future with confidence and optimism and are ready for new challenges.**

Thank you all for your attention and support. Together we can achieve even greater success.

**Sincerely,
Nurbolat Aidapkelov**



ADDRESS BY THE CHAIRMAN OF THE MANAGEMENT BOARD



Dear customers, partners and colleagues!

The year 2023 was a year of productive work and significant achievements for JSC Agrarian Credit Corporation.

Almat Ashirbekov

Chairman of the Management Board of JSC Agrarian Credit Corporation

I am proud to say that thanks to the well-coordinated work of the team and the support of our shareholders, customers and partners, we have managed to achieve high results.

This year has become a record in the entire history in terms of lending to the agricultural sector. The amount of ACC financing, taking into account KazAgroFinance JSC (KAF), reached 554,7 billion tenge.

At the beginning of the year, our financing plan was 500 billion tenge, however, given the high demand

from farmers, the Corporation increased the volume of financing for all lending programs.

The absolute innovation was the launch of the program « Microcredit for youth » from April 2023. 25,6 billion tenge was allocated for these purposes, which made it possible for young entrepreneurs to receive over 7 thousand microloans.

At the same time, financing of investment projects continues. According to the results of last year, the ACC portfolio was replenished with 46 projects, for which 17,2 billion tenge was allocated.



In 2023, 30 projects worth 17,1 billion tenge were put into operation with actual funding amounting to 12,6 billion tenge, which enabled the production of goods worth 4 billion tenge.

Since 2006, the Corporation has financed 474 investment projects, which were supported by 408,4 billion tenge.

To improve the process of reviewing investment projects in the past year, we reformatted the procedure and introduced a two-stage review of projects, which reduced the list of documents provided by a potential borrower to determine the possibility of further cooperation with him, optimized the load on the expert divisions of the Corporation, by eliminating the need to analyze projects that did not pass the first stage of consideration, increased the speed of decision-making and transparency of review procedures.

In general, in 2023, the Corporation achieved all the key indicators of the company's Strategy, which relate to both operational and financial indicators, as well as indicators of the quality of the loan portfolio.

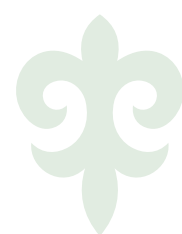
JSC Agrarian Credit Corporation has been following the path of optimization and automation of its processes for several years, which, as we expect, will significantly facilitate and accelerate the financing process for farmers.

In 2023, we integrated our information system with the banking applications Homebank, BCC, Kazpost, so that borrowers can repay loans without commission and travel to regional centers, a year earlier such integration was carried out with the KASPI application.

At the end of the year, the Corporation launched its mobile application, which further simplifies the procedures for applying for a loan, ensures transparency of operations and allows farmers to «keep abreast» of all issues of cooperation with the Corporation.

The Corporation continues to be a key player in supporting agriculture, ensuring stability and growth in the industry. Its successful achievements in 2023 and strategic plans for the future indicate a constant desire for improvement and development, which ultimately benefits not only farmers, but also the whole society.

**Sincerely,
Almat Ashirbekov**



KEY EVENTS OF THE REPORTING YEAR

01

January



On January 31, by the decision of the Board of Directors dated January 31, 2023, the following were elected to the Management Board of the Corporation:

- Doskaraev A.E. – Deputy Chairman of the Management Board;
- Iskakov M.K. – Deputy Chairman of the Management Board.

In March, the proportion of women among the Corporation's clients exceeded

30%

02

February



The certification audit of the ISO 9001:2015 «quality management system» has been successfully completed.

On February 21, the Corporation repaid bonds in the amount of 10 425 000 000 tenge.

03

March



In March, the proportion of women among the Corporation's clients exceeded 30 percent.

On March 02, the acceptance of applications for microcredit for young people started.

On March 09, the payment of the fifth coupon interest on bonds in the amount of 1 639 170 857,50 tenge was made.

04

April



On April 21, the payment of the seventh coupon interest on bonds in the amount of 2 121 782 163,75 tenge was made.

05

May



On May 03, the payment of the fifteenth coupon interest on bonds in the amount of 115 805 000 tenge was made.

On May 25, the Board of Directors of the Holding decided to place 20 000 000 ordinary shares of the Corporation by exercising the right of pre-emptive purchase of shares by the sole shareholder, followed by an increase in the authorized capital of KazAgroFinance JSC to finance the purchase of agricultural machinery, forage harvesting equipment and mobile irrigation systems for subsequent leasing through a targeted transfer from the National Fund of the Republic of Kazakhstan.

06

June



On June 9, the payment of the fourth coupon on its bonds in the amount of 537 625 000 tenge was made.

On June 16, the fourth coupon payment was made on its bonds in the amount of 2 625 000 000 tenge.

KEY EVENTS OF THE REPORTING YEAR

07

July



The international rating agency Moody's investors service has confirmed the credit rating of the Corporation at the level of «Ba1» and the rating on the national scale «A1». The outlook for the ratings is «Positive».

On July 31, the Corporation paid dividends on ordinary shares in the amount of KZT 13 677 185 054,40 or KZT 33,60 per ordinary share.

08

August



The Corporation has become a member of the National ESG Club, which unites Kazakhstani companies leading in the field of ESG transformation.

09

September



On September 7, the sixth coupon payment was made on its bonds in the amount of KZT 1 639 170 857,50.

The international rating agency Fitch Ratings has confirmed the credit rating of the Corporation at the level of «BBB-» and the rating on the national scale of «BBB». The outlook for the ratings is «Stable».

10

October



The international rating agency Moody's Investors Service has upgraded the issuer's long-term rating from «Ba1» to «Baa3». The outlook is «Positive».

11

November



On November 04, the campaign «Repay your debts without penalties!» started.

A representative office of the Corporation was opened in Konyaev.

12

December



On December 8, the fifth coupon payment was made on its bonds in the amount of KZT 537 625 000.

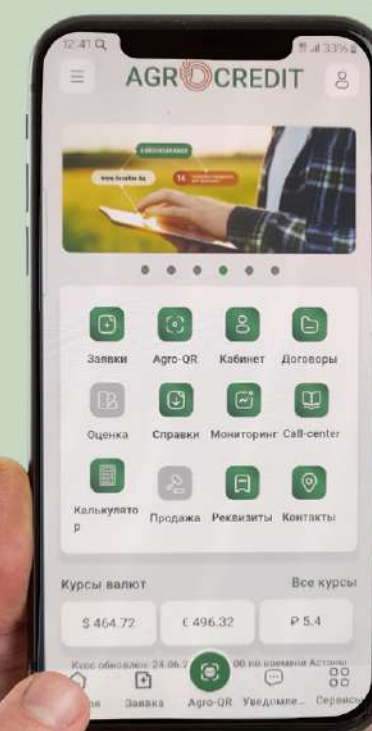
On December 15, the Sole Shareholder of the Corporation decided to elect Jaylaubekova A.A. as a member of the Board of Directors of the Corporation.

On December 19, the fifth coupon payment was made on its bonds in the amount of KZT 2 625 000 000.

On December 27, the Corporation's Board of Directors approved the Corporation's Development Strategy for 2024-2033.

The «Agrocredit» mobile application has been developed.

The acceptance of applications for financing spring field work in 2024 has started.



INFORMATION ABOUT THE CORPORATION

JOINT STOCK COMPANY «AGRARIAN CREDIT CORPORATION» IS A QUASI-GOVERNMENTAL COMPANY THAT IS A FINANCIAL OPERATOR OF AGRICULTURAL DEVELOPMENT PROGRAMS AND IMPLEMENTS THEM THROUGH LENDING PROGRAMS PROVIDED DIRECTLY TO AGRICULTURAL ENTITIES OR THROUGH FINANCIAL INSTITUTIONS.



The Corporation operates under license No. 5.2.24 dated November 5, 2013 for conducting bank loan operations, issued by the Committee for Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan. The Corporation's activities are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.



The legal address of the Corporation's head office is registered at 11 Amangeldy Imanov Street, Astana, Republic of Kazakhstan.



As of December 31, 2023, the Corporation has 19 registered branches in the territory of the Republic of Kazakhstan.



As of December 31, 2023, the Corporation owned a 100% stake in KazAgroFinance JSC (a subsidiary), whose main activities include: leasing activities in the agro-industrial complex, lending to the agro-industrial complex, participation in the implementation of republican budget and other programs aimed at the development of the agro-industrial complex.



As of December 31, 2023, the Holding owns 100% of the Corporation's shares. The ultimate owner of the Corporation is the Government of the Republic of Kazakhstan.



Currently, the Corporation is a large financial company operating in the field of agricultural development, which implements lending programs in priority areas of agricultural production development.

CORPORATE HISTORY

THE CORPORATION WAS ESTABLISHED IN ACCORDANCE WITH THE DECREE OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN DATED JANUARY 25, 2001 NO. 137 « ON ISSUES OF LENDING TO THE AGRICULTURAL SECTOR».

The limit of financing of the branch network has been increased to



At that time, the main goal of the Corporation was to create a network of regional financial institutions – rural credit partnerships, thanks to which rural farmers had access to preferential credit resources from the republican budget to small and medium-sized agricultural producers participating in the credit partnership system. This project was recognized as a success and in order to increase the independence of credit partnerships, the Corporation later withdrew from their founders.



2001

Formation of A Corporation. The main goal is to build a system of credit partnerships, thanks to which agricultural producers have access to preferential credit resources from the republican budget.

2002

The first 18 credit partnerships were created, which included 833 participants. The first loan amount through CT amounted to KZT 5 million.



2006

The Corporation has started financing the program of crediting associations of agricultural enterprises and rural population for joint production, procurement, marketing, processing, storage, transportation of agricultural products, supply of goods and materials, 147 secs were financed for the year for a total amount of KZT 12,250.1 million.



2009

The Corporation has started implementing a program of crediting investment projects at the expense of the National Fund of the Republic of Kazakhstan. As a result, 52 investment projects were financed in the amount of KZT 23,490.9 million.

2010

The Corporation has launched a program to finance enterprises processing agricultural raw materials.



2011

The Corporation has been identified as the operator of the «Sybaga» program. The purpose of the Corporation's activities in the implementation of the program is to stimulate the involvement of small and medium-sized businesses in the development of meat farming, increase the share of meat cattle, develop a competitive environment and infrastructure in the cattle reproduction market. Since the beginning of the program, over 4.0 thousand agricultural enterprises have been financed for a total amount of 50,6 billion tenge for the purchase of 272,3 thousand heads of cattle.



2017

The lending processes have been optimized: the list of documents and the terms of consideration of loan applications have been reduced. The limit of financing of the branch network has been increased to 1 billion tenge.

CORPORATE HISTORY

The total amount of financing of the agro-industrial complex is

554,7
billion tenge



2019

By Decree of the Government of the Republic of Kazakhstan No. 459 dated June 28, 2019, the Corporation was included among the operators of the «Economy of Simple Things» program in the direction of financing the development of industries: crop production, horticulture, animal husbandry, including poultry and pig farming, aquaculture, fishing, malt production.



2021

On March 18, 2021, the Corporation became part of the Baiterek National Managing Holding JSC Group of Companies. As measures to support agricultural producers, the Corporation has implemented measures to provide deferrals for repayment of loans to borrowers in the amount of 5.1 billion tenge, affected by severe drought that covered a significant part of the territory of Kazakhstan.



2022

Since July 25, 2022, the Corporation has been the Sole Shareholder of KazAgroFinance JSC with a 100% stake. The corporation joined the UN Women's Empowerment Initiative.



2023

The Corporation received an 87% assessment of the corporate governance system from the independent auditing company KPMG, which corresponds to most of the recommendations of leading practices. The total amount of financing of the agro-industrial complex by the Corporation amounted to 554.7 billion tenge, which exceeds the figures of previous years.

On December 27, 2023, the Corporation's Development Strategy for 2024-2033 was approved by the decision of the Board of Directors of the Corporation.

In the reporting period, the Corporation was guided by the Corporation's Development Strategy for 2020-2023 (hereinafter referred to as the Corporation's Strategy), approved by the decision of the Corporation's Board of Directors dated February 25, 2022.

According to The Corporation's Strategy:

MISSION

THE MISSION IS TO PROMOTE THE SUSTAINABLE DEVELOPMENT OF THE AGRO-INDUSTRIAL COMPLEX OF THE REPUBLIC OF KAZAKHSTAN THROUGH THE FORMATION OF AN AFFORDABLE AND EFFECTIVE FINANCING SYSTEM.

VISION

VISION IS A KEY INSTITUTION FOR THE DEVELOPMENT OF AGRICULTURE, WITH AN EFFECTIVE BUSINESS MODEL THAT PROMOTES INDUSTRIALIZATION, INTENSIFICATION AND DIVERSIFICATION OF AGRICULTURE THROUGH THE DEVELOPMENT OF A SUSTAINABLE AND AFFORDABLE FINANCING SYSTEM.

The Corporation's development strategy for 2020-2023 was developed taking into account the Message of the Head of State K. Tokayev to the people of the Republic of Kazakhstan dated September 1, 2020 «Kazakhstan in a new reality: time for action», the Strategy «Kazakhstan – 2050»: a new political course of the established state, the National Development Plan of the Republic of Kazakhstan until 2025, the National Project for

the development of the agro-industrial complex of the Republic Kazakhstan for 2021-2025, the Holding's Development Strategy and other documents of the state planning system of the Republic of Kazakhstan. It defines the mission, vision, strategic directions, goals, objectives and key performance indicators of the Corporation for 2020-2023.

The Corporation carries out its activities in accordance with the following principles:

- 01
- 02
- 03
- 04
- 05

- TRANSPARENCY
- AVAILABILITY
- TIMELINESS
- EFFICIENCY
- BREAK EVEN

GEOGRAPHY OF ACTIVITY

THE CORPORATION IS REPRESENTED IN ALL REGIONS OF THE REPUBLIC OF KAZAKHSTAN FOR THE FULL IMPLEMENTATION OF ITS ACTIVITIES AND PERFORMS ITS FUNCTIONS THROUGH A DEVELOPED NETWORK OF REGIONAL BRANCHES LOCATED IN ALL REGIONS OF KAZAKHSTAN, AS WELL AS CITIES OF NATIONAL IMPORTANCE. THE REGIONAL NETWORK INCLUDES 19 BRANCHES.

The regional network includes **19** branches



INDUSTRY ANALYSIS

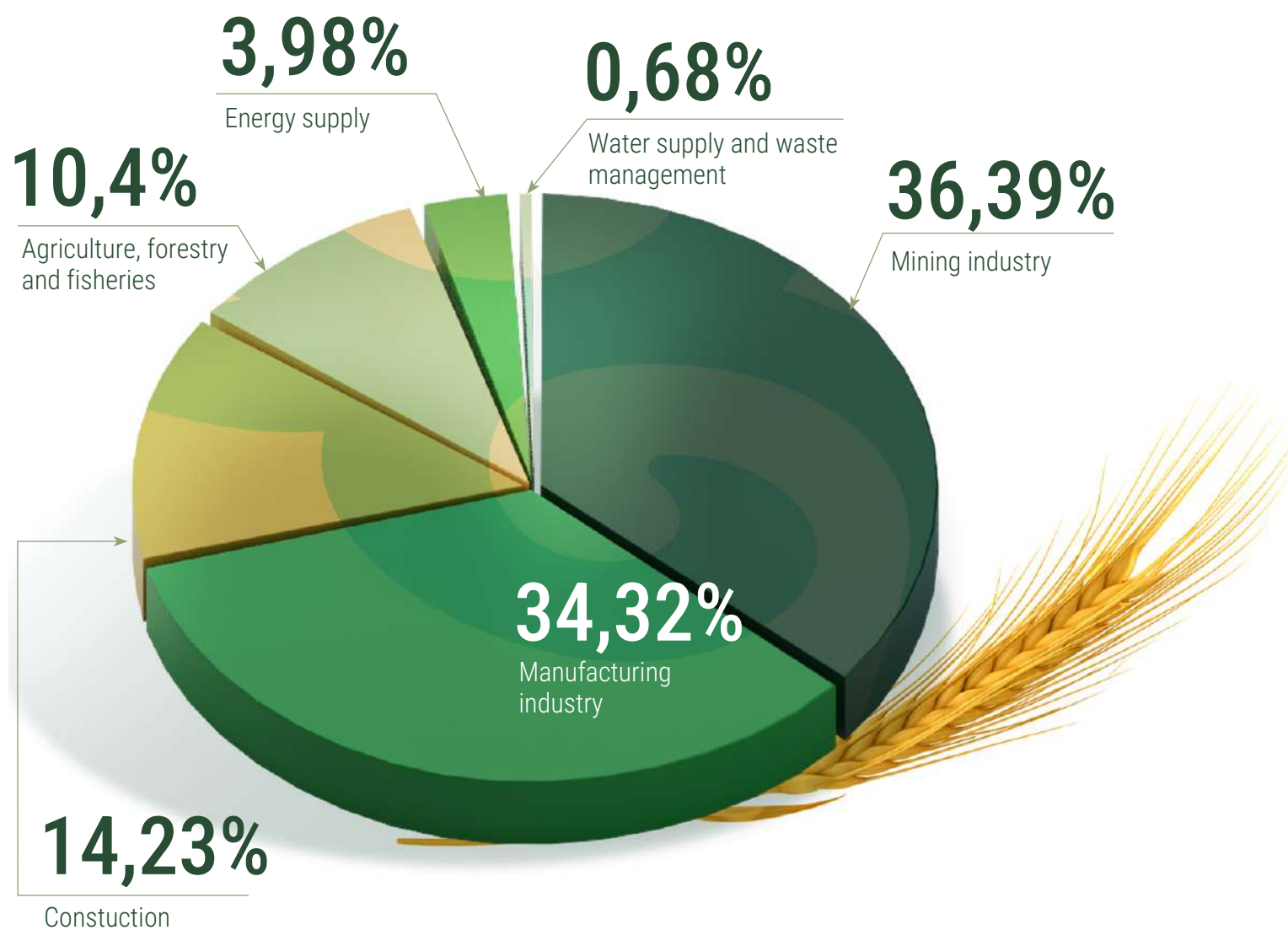
MACROECONOMIC INDICATORS

During the period from 2010 to 2023, Kazakhstan's GDP by production method demonstrated significant growth. In 2010, the GDP amounted to 21 815 517 million tenge, while in 2023, this figure reached 120 561 096,4 million tenge. This corresponds to an average annual growth rate of approximately 3,9%.

The main drivers of GDP growth were the production of goods and services, with significant contributions from industry, agriculture, transportation and warehousing, as well as wholesale and retail trade.

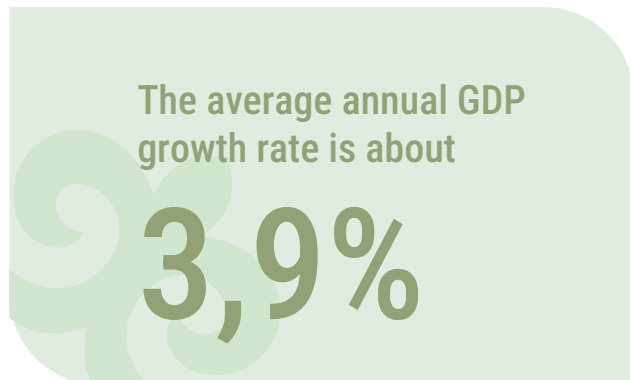
The goods production sector, including industry, construction and agriculture, grew from 9 841 623,2 million

tenge in 2010 to 43 821 781,4 million tenge in 2023, which underlines the stable growth of these industries.



Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

The service sector also showed intensive growth, increasing from KZT 11 274 267,8 million in 2010 to KZT 67 898 144,3 million in 2023. The main contribution was made by such industries as trade, transport and warehousing, as well as public administration and defense.



AGRO-INDUSTRIAL COMPLEX

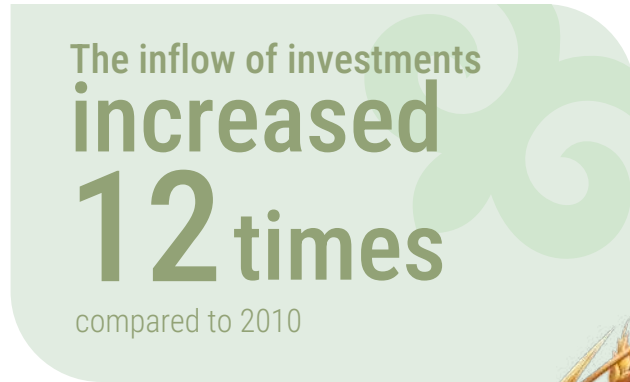
Since gaining independence in 1991, Kazakhstan has begun economic modernization and reform of the agricultural sector, which has led to the creation of a variety of forms of ownership and the stimulation of market relations. However, these changes caused a reduction in capital investments and a decline in rural living standards, especially after the Asian crisis in the late 1990s. In 1997, the share of capital investments in agriculture amounted to only 1,5% of the total investment in the economy.

To stabilize the situation and support the agricultural sector, the Government made a number of key decisions, including the creation of JSC Agrarian Credit Corporation in 2001 and KazAgro National Managing Holding JSC in 2006. Since its inception, the Corporation has been focused on the implementation of large-scale projects for the development

of the agro-industrial complex and the provision of affordable credit resources to small and medium-sized agricultural producers.

By 2010, the introduction of effective management of investment assets and the development of corporate culture in agro-industrial enterprises made it possible to stabilize the economic situation in agriculture. The share of gross value added of agriculture in the GDP of the Republic of Kazakhstan was up to 5,4%.

According to preliminary data, the GDP of agriculture for 2023 shows a slight decrease (-3,7%) compared to the previous year. At the same time, the indicators of long-term dynamics show an increase in the volume of gross agricultural output, however, by 5 times compared to the indicators of 2010, and the inflow of investments increased 12 times over the same period. Labor productivity in the agricultural sector has also improved significantly thanks to government support and targeted rural development programs.



GDP by production method, goods production sector, billion tenge



trillion tenge	Mining industry	Manufacturing industry	Construction	Agriculture, forestry and fisheries	Energy supply	Water supply and waste management
2010	1,0	4,2	2,5	0,4	0,1	1,7
2011	1,4	5,0	3,1	0,5	0,1	1,8
2012	1,3	5,3	3,4	0,5	0,1	1,9
2013	1,6	5,5	3,8	0,6	0,1	2,1
2014	1,7	6,0	4,1	0,6	0,1	2,4
2015	1,9	5,2	4,2	0,7	0,1	2,4
2016	2,1	6,0	5,3	0,8	0,1	2,8
2017	2,5	7,4	6,1	0,9	0,1	3,0
2018	2,7	9,2	7,1	1,0	0,2	3,3
2019	3,1	10,0	8,0	1,0	0,2	3,8
2020	3,8	8,6	9,2	1,1	0,2	4,3
2021	4,2	11,9	11,4	1,3	0,2	4,8
2022	5,4	15,2	13,9	1,5	0,2	5,5
2023	5,2	15,5	14,5	1,6	0,3	6,7

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Principles of agro-industrial complex development

The concept of development of the agro-industrial complex of the Republic of Kazakhstan for 2021-2030, approved by the Decree of the Government of the Republic of Kazakhstan dated December 30, 2021 No. 960, is based on the principles of balanced and sustainable development, including:

- 01 efficient production,
- 02 protection of natural resources,
- 03 development of human capital.

The basic principles also include risk accounting, continuity of agricultural policy, ensuring equal conditions for all market participants and the availability of new knowledge. Development priorities are aimed at ensuring food security, improving product quality, creating sustainable food ecosystems and optimizing support for the sector.

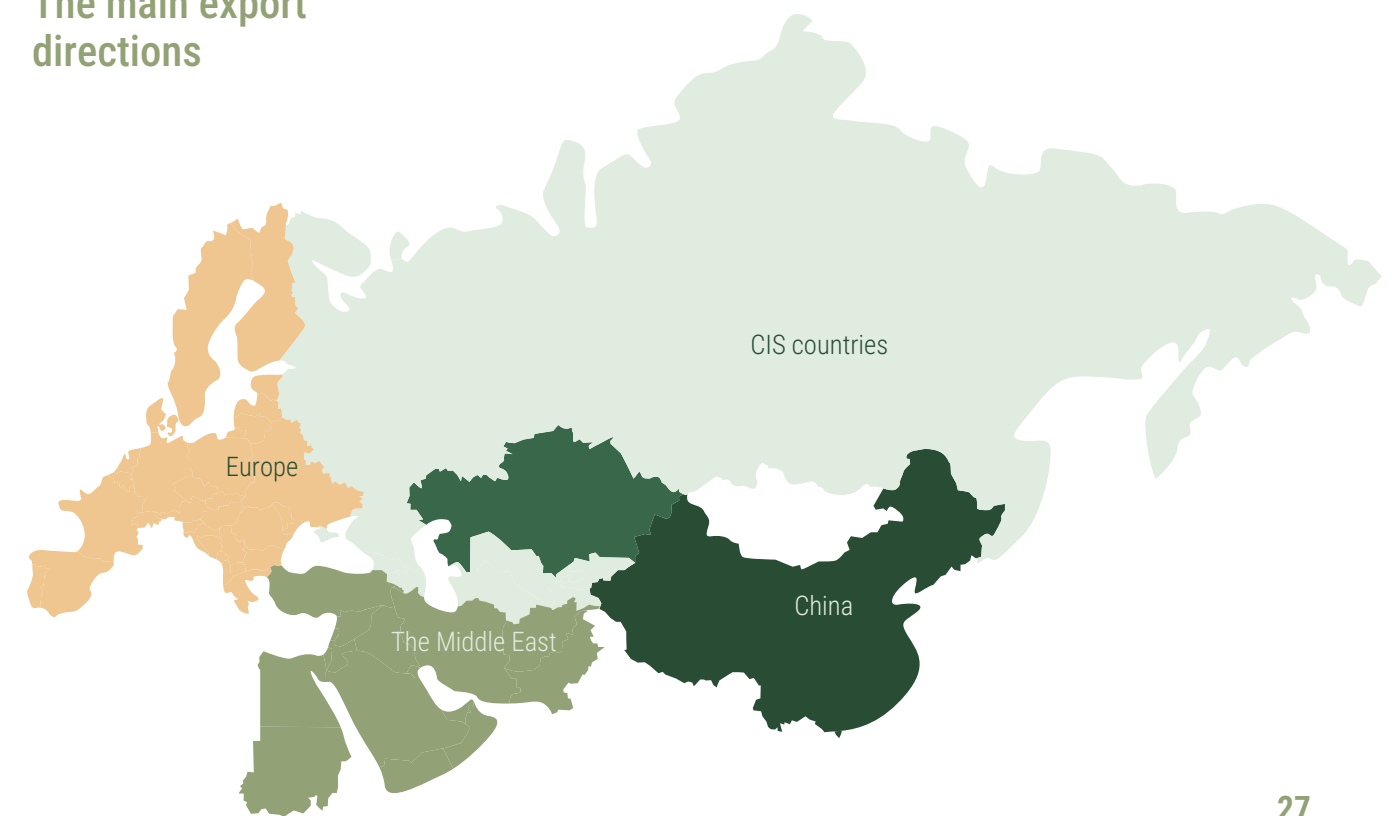
To achieve these goals, the attractiveness of the industry is being formed through technology, digitalization, environmental friendliness and the development of human capital. Measures are included to create a unified system focused on the needs of the agro-industrial complex, such as:

- scientific research,
- training,
- dissemination of knowledge.

The development of phytosanitary and veterinary services, land use and water use systems are also key elements of the plan.

It provides for strengthening commercialization and technology transfer, ensuring an honest allocation of resources for scientific research, increasing rural incomes and developing rural infrastructure, as well as building sustainable production and sales chains.

The main export directions



Kazakhstan actively exports agricultural products, especially cereals, and is one of the world's largest wheat exporters. The main export destinations include the CIS countries, Europe, China and the Middle East. The country also exports meat, dairy products and vegetables, which helps strengthen its position in international markets.

However, the agro-industrial complex faces a number of challenges, including climate change, problems with water supply and the need for technological modernization. Despite these difficulties, the sector's prospects remain positive due to opportunities for deepening technological integration and improving management practices.

To implement these changes, modern technologies are used, such as remote sensing of the earth to determine the species composition of plants in the fields and agrochemical maintenance of agricultural production. An important part of the strategy is also the development of irrigation systems, which provides for saving water resources through the introduction of water-saving irrigation technologies and subsidizing investments in this area.

In the approved Concept for the development of the agro-industrial complex of the Republic of Kazakhstan for 2021-2030, emphasis is placed on the diversification of crop production to increase the workload of processing enterprises and increase the volume of exports of competitive products. This strategy includes optimizing the use of land resources by reducing the area of monocultures and water-intensive crops such as rice and cotton, as well as expanding highly profitable crops, including oilseeds, legumes, cereals and vegetable crops.

Crop production

Crop production occupies a key place in the agricultural sector of Kazakhstan, supporting the country's economy through a wide range of cultivated crops. In 2023, the gross harvest of agricultural crops decreased slightly compared to the previous year but remained significant.

The grain group is dominated by the harvest of wheat, corn and barley, which emphasizes the traditional direction of the agro-industrial complex of the republic. With regard to vegetable crops, potatoes and various types of outdoor and indoor vegetables make up the majority of production, which is important for domestic consumption and export. Oilseeds, such as sunflower, also occupy a significant share in the structure of agricultural production, contributing to the industrial processing and production of oils.

Acreage, thousand hectares by year

	Specified acreage (ha)	
	2023	2023 as a percentage by 2022
Total area	23 940 095,5	103,4
Cereals (including rice) and legumes	17 525 516,9	108,8
Cereals (excluding rice) and legumes	17 425 425,0	108,7
of these:		
winter and spring wheat	13 761 072,2	106,8
corn (maize)	196 142,4	103,6
winter barley and spring	2 570 499,8	117,5
rye winter and spring	21 581,0	62,0
oats	216 219,1	108,8
sorghum (dzhugara)	18 053,0	90,7
millet	50 505,1	130,1
buckwheat	130 016,6	107,4
triticale (wheat-rye hybrid)	7 438,3	114,1
a mixture of ear	47 859,2	77,6
legume vegetables	405 684,6	145,8
green legume vegetables	273,9	102,9
Rice	100 091,9	113,8
Oilseed crops	2 813 090,4	81,3



In the field of seed production, it is planned to significantly increase support for domestic seed production, including through increasing subsidy rates for the purchase of seed breeding equipment and equipment. This will help to improve the quality and increase the availability of seeds for agricultural producers, which is important to maintain high standards in the agricultural sector.



In animal husbandry, attention is paid to increasing the feed base and introducing advanced methods of breeding work, including DNA analysis and genomic assessment of animals. It is also planned to stimulate beef cattle breeding and the development of sustainable livestock production with less impact on the environment.

Vegetables and melons, root crops and tubers	480 498,5	100,1
of these:		
outdoor vegetables	165 861,4	97,4
melon crops	107 981,5	107,6
potato	187 754,5	94,1
sugar beet	18 686,0	184,0
Tobacco	308,3	92,1
Cotton	116 609,6	92,4
Forage crops	3 003 451,8	100,9
of these:		
corn for feed	120 746,5	112,7

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

In 2023, the indicators of the acreage of agricultural crops in the Republic of Kazakhstan showed an increase to 23,94 million hectares, which is 3,4% more than in 2022.

Cereals showed an increase in harvested areas by 4,0%, with a particularly noticeable increase in areas for wheat, barley and rice. While the area under rye and sorghum decreased, millet and buckwheat showed an increase in both sown and harvested areas.

The situation with oilseeds turned out to be less favorable, with a decrease in acreage by 18,7% and harvested areas by 26,5%. Vegetables, melons, as well as root crops and tubers showed a slight increase in acreage, but harvested areas decreased by 1,5%. On the contrary, sugar beet showed a significant increase in both sown and harvested areas.

The growth of acreage was observed in many regions, including Abai, Akmola and Aktobe regions, emphasizing the regional diversity in the country's agricultural policy.

In 2023, the indicators of the acreage of agricultural crops increased to

23,94
million hectares

Regions	Refined sown area of major agricultural crops by region, in hectares					
	cereals (including rice) and legumes	oilseed crops	outdoor vegetables	melon crops	potato	corn for feed
The Republic of Kazakhstan	17 525 516,9	2 813 090,4	165 861,4	107 981,5	187 754,5	120 746,5
Abai Region	323 461,5	307 648,2	4 022,1	1 869,2	8 057,0	6 640,0
Akmola region	4 915 073,1	197 804,2	2 127,2	5,1	13 368,3	13 305,4
Aktobe region	441 419,8	55 332,1	4 093,1	990,8	5 942,0	1 144,0
Almaty region	186 657,8	32 594,6	23 764,4	2 472,1	23 955,0	10 531,9
Atyrau region	40,0	-	2 985,7	1 373,4	1 930,1	244,0
West Kazakhstan region	309 015,2	114 319,7	3 878,2	1 512,6	4 258,1	1 722,0
Zhambyl region	407 256,2	66 594,9	43 110,9	16 710,7	11 364,3	1 857,7
Zhetysu Region	324 888,0	80 625,4	7 549,3	1 801,9	11 867,7	2 273,7
Karaganda region	998 812,6	30 271,5	2 430,5	4,8	16 126,2	187,0
Kostanay region	4 401 677,5	651 298,7	2 425,6	157,5	8 620,0	14 933,0
Kyzylorda region	100 180,0	4 491,4	6 531,2	9 158,5	4 160,5	1 436,0
Mangystau region	-	-	354,4	620,5	-	1,1
Pavlodar region	1 054 443,8	287 167,1	6 762,2	1 938,7	24 454,5	17 518,8
North Kazakhstan region	3 414 491,1	682 712,6	5 467,0	0,1	27 523,9	32 727,3
Turkestan region	321 688,4	85 036,8	44 239,8	67 723,9	14 443,8	5 977,8
Ulytau Region	25 129,1	0,1	316,1	24,6	515,0	-
East Kazakhstan region	287 647,0	212 212,2	4 635,9	1 416,2	10 975,3	10 222,8
Astana city	1 343,0	-	17,3	-	51,3	-
Almaty city	-	-	202,3	-	88,3	-
Shymkent city	12 292,9	4 981,0	948,3	201,0	53,2	24,0

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms

Gross harvest of major agricultural crops by regions of Kazakhstan in 2023

In 2023, the total harvest of cereals and legumes in Kazakhstan reached 170,97 million quintals, which is 22,4% less than in 2022. Of this volume, wheat accounted for 121,11 million quintals. The harvest of oilseeds decreased to 21,84 million quintals, including 12,36 million quintals of sunflower seeds. Despite the overall reduction in production, in the regions of the Abai and Turkestan regions, there was an increase in the harvest of both grain and oilseeds, while in the Akmola and Aktobe regions, a significant drop in yields was recorded.

Regarding vegetable crops, the total harvest in 2023 amounted to 45,30 million quintals, which is 1,7% less than in the previous year. The harvest of melons increased by 9,6%, reaching 28,07 million quintals, while the potato harvest decreased by 7,2%, amounting to 37,88 million quintals. Corn production for feed increased by 18,2%, to 17,14 million quintals. The regions of Abai, Almaty and Turkestan regions showed an improvement in the collection of melons and corn, while in Akmola and Pavlodar regions there was a decrease in the collection of vegetables and potatoes.

Gross harvest of major agricultural crops by region in weight after processing, hundredweight

Regions	cereals (including rice) and legumes	oilseed crops	outdoor vegetables	melon crops	Potato	grape	corn for feed
The Republic of Kazakhstan	170 966 383,9	21 838 022,3	45 302 954,0	28 067 152,1	37 881 178,3	635 017,2	17 135 645,0
Abai Region	3 370 371,7	3 788 418,7	1 051 646,4	495 361,9	1 766 939,0	1 157,7	754 202,0
Akmola region	32 155 322,4	990 244,9	417 870,6	566,7	2 304 891,7	5,2	1 138 658,0
Aktobe region	4 214 861,6	314 074,1	703 477,7	173 367,0	979 862,9	659,8	137 437,5
Almaty region	6 164 160,1	496 370,4	7 429 774,9	606 768,9	4 583 044,6	55 274,2	2 933 637,1
Atyrau region	800,0	-	987 772,3	444 536,0	291 564,0	21,5	34 553,0
West Kazakhstan region	3 107 996,3	812 182,7	617 291,5	306 322,8	688 494,1	1 388,9	111 981,0
Zhambyl region	4 700 471,9	506 417,3	13 076 030,4	4 867 300,2	2 852 172,4	13 021,7	221 915,5
Zhetysu Region	8 804 678,7	1 714 003,2	2 337 820,2	511 602,7	2 524 198,8	8 818,6	462 836,5
Karaganda region	6 302 381,6	67 288,1	754 942,1	957,2	3 641 827,9	982,3	28 880,0
Kostanay region	44 269 007,7	3 216 398,3	619 248,9	13 718,5	1 604 784,1	551,1	2 110 643,0
Kyzylorda region	4 539 360,6	48 696,5	1 183 502,7	1 913 470,3	616 202,8	3 119,1	186 036,1
Mangystau region	-	-	60 158,9	194 434,5	-	459,3	-
Pavlodar region	4 075 405,0	1 176 680,6	1 910 867,4	766 354,8	6 616 240,6	96,4	1 988 809,7
North Kazakhstan region	37 476 544,5	4 313 258,5	1 474 583,4	9,9	3 770 637,4	-	3 821 555,8
Turkestan region	7 553 950,7	802 713,8	10 781 691,1	17 305 904,6	2 867 377,8	524 124,4	1 514 355,5
Ulytau Region	236 040,5	2,8	89 731,6	3 416,4	151 206,9	82,6	-
East Kazakhstan region	3 868 249,5	3 559 917,7	1 540 011,2	416 359,8	2 589 167,8	4 062,6	1 689 344,4
Astana city	7 252,0	-	3 126,3	-	6 621,1	-	-
Almaty city	-	-	47 650,6	-	15 211,5	2 328,1	-
Shymkent city	119 529,0	31 354,7	215 756,0	46 700,0	10 733,0	18 864,0	800,0

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Crop yield

In 2023, Kazakhstan faced a general decline in crop yields. The average yield in the initially recorded weight of cereals and legumes fell to 11 quintals per hectare, which is 75,9% of last year's level. A particularly noticeable decrease occurred in the yield of winter and spring wheat, which decreased to 9,9 quintals per hectare.

The yield indicators in the initially recorded weight of corn increased and reached 63,3 quintals per hectare. For vegetables and melons, root crops and tubers, there was an

increase in yield to 248,1 quintals per hectare. Sugar beet showed a significant increase to 407,6 quintals per hectare.

The yield of oilseeds varied, averaging 8,8 quintals per hectare. In the regional context, the Atyrau region occupies a leading position with a grain yield of 20 quintals per hectare, which is significantly higher than the average. In turn, the Karaganda region showed one of the lowest levels – 3,2 quintals per hectare.

11 quintals per hectare



Cereals and legumes

248,1 quintals per hectare



Vegetables and melons, root crops and tubers

63,3 quintals per hectare



Corn

407,6 quintals per hectare



Sugar beet

8,8 quintals per hectare



Olive crops

9,9 quintals per hectare



Winter and spring wheat

The yield of major crops by region in weight after refinement, hundredweight per 1 ha

Regions	cereals (including rice) and legumes	oilseed crops	outdoor vegetables	melon crops	Potato	corn for feed	grape
The Republic of Kazakhstan	10,3	8,8	274,6	260,3	205,5	146,6	61,2
Abai Region	10,6	12,4	261,5	265,0	219,3	113,6	36,6
Akmola region	6,9	5,8	212,2	180,5	182,9	86,2	73,6
Aktobe region	10,4	6,5	173,2	185,1	169,6	120,1	53,4
Almaty region	33,1	15,4	312,8	245,4	191,3	281,0	25,0
Atyrau region	20,0	-	332,8	328,0	153,4	141,6	1,3
West Kazakhstan region	10,3	7,3	159,8	203,3	162,1	67,3	56,0
Zhambyl region	12,1	8,1	303,7	291,5	251,1	119,5	84,5
Zhetysu Region	27,1	21,3	309,7	283,9	212,7	208,1	84,1
Karaganda region	6,7	3,2	353,6	199,4	231,9	154,4	75,6
Kostanay region	10,7	7,2	271,5	93,0	193,7	146,0	77,2
Kyzylorda region	45,4	10,8	181,5	209,4	148,2	129,6	51,8
Mangystau region	-	-	173,7	313,4	-	-	66,0
Pavlodar region	4,6	4,6	284,6	398,6	275,3	124,2	104,7
North Kazakhstan region	11,2	6,8	272,0	164,2	142,5	116,8	-
Turkestan region	23,5	9,6	243,8	255,5	199,2	253,3	70,1
Ulytau Region	9,5	21,2	283,9	139,0	293,6	-	127,1
East Kazakhstan region	13,8	16,9	333,3	296,3	239,5	195,9	104,3
Astana city	5,4	-	180,7	-	129,1	-	-
Almaty city	-	-	237,7	-	184,3	-	76,6
Shymkent city	9,8	6,5	227,5	232,3	201,7	33,3	99,5

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Project directions

As part of the development of this industry, the Corporation implemented projects in the following areas in 2023

- ☛ As part of the development of vegetable storages, 5 projects worth 2 890 million tenge were financed;
- ☛ 22 projects with total financing in the amount of KZT 6 092 million were supported for the development of irrigation systems.
- ☛ 2 projects for the construction and modernization of a fruit storage facility in the amount of 139 million tenge were financed.
- ☛ 574 million tenge has been allocated for the implementation of 2 projects to create gardens.
- ☛ 1 project has been implemented to create a granary with total financing of 1 933 million tenge.

At the same time, under the «Ken-dala» program, 3 899 agricultural enterprises were financed in the amount of 141 200,0 million tenge.

Animal husbandry

The total volume of slaughter increased by

4,6%
compared to 2022

Livestock farming in Kazakhstan is a traditional area of agriculture and plays one of the key roles in the economy, providing employment and food security of the Republic of Kazakhstan.

In 2023, Kazakhstan saw an increase in production of the main types of livestock products, compared with 2022. The total volume of live slaughter of livestock and poultry amounted to 2 265 453,0 tons, which is 4,6% more than the previous year. In agricultural enterprises, slaughter increased by 13,2%, amounting to 605 950,0 tons, while individual entrepreneurs and peasant farms showed an increase of 4,1% (489 372,0 tons). The households of the population have hardly changed, showing an increase of only 0,8% (1 170 131,0 tons).

Agricultural enterprises showed an increase of

12,6%

In slaughter weight, the volume of livestock and poultry slaughter also increased, reaching 1 302 569,6 tons, which is 5,0% more than in 2022. Agricultural enterprises showed significant growth of 12,6%, reaching 433 909,1 tons. Individual entrepreneurs and peasant farms increased their volume by 4,1% (253 985,3 tons), while households remained almost at the same level with an increase of 0,6% (614 675,2 tons).



Cow's milk production amounted to 6 503 192,4 tons, which is 2,9% more than in 2022. Agricultural enterprises showed a significant increase of 15,2% (602 395,7 tons), while individual entrepreneurs and farms increased production by 4,5% (1 427 650,6 tons). Households showed a slight increase of 1,0% (4 473 146,1 tons).



The production of chicken eggs decreased by 2,2%, amounting to 4 919 897,3 thousand pieces. Agricultural enterprises reduced production by 2,5% (3 673 074,8 thousand units), individual entrepreneurs and farms reduced production by 3,8% (23 684,5 thousand units), and households showed a decrease of 1,1% (1 223 138,0 thousand units).



The production of large hides increased by 2,0%, reaching 3 522 739 pieces. Agricultural enterprises increased production by 4,8% (244 415 units), while individual entrepreneurs and farms showed an increase of 4,1% (989 240 units). Personal household farms practically did not change the volume of production, showing an increase of 0,8% (2 289 084 units).



The production of small hides also increased by 1,4%, amounting to 8 062 491 pieces. Agricultural enterprises showed a significant increase of 12,5% (127 311 units), while individual entrepreneurs and farms increased production by 4,2% (2 374 359 units). The farms of the population have not changed the volume of production of small hides (5 560 821 pieces).



Sheep wool production increased by 2,4%, reaching 41,729 tons. Agricultural enterprises showed a decrease of 6,0% (1 669,8 tons), while individual entrepreneurs and farms increased production by 6,0% (17 769,6 tons). Households of the population practically did not change the volume of production, showing an increase of 0,4% (22 289,5 tons).



The analysis shows that in 2023, Kazakhstan as a whole saw an increase in the production of basic types of livestock products. A particularly significant increase was noted in agricultural enterprises, while households showed similar results to last year.

Slaughter and sale of livestock and poultry in Kazakhstan in 2023

In 2023, the slaughter of livestock and poultry in Kazakhstan increased by 5% to 1 302 569 thousand tons. Agricultural enterprises showed an increase of 12,6%, reaching 433 909 thousand tons, while farms increased the volume of slaughter by 4,1%, to 253 985 thousand tons, and households – by 0,6%, to 614 675 thousand tons.

By type of livestock, cattle amounted to 544 304 thousand tons, sheep – 158 326 thousand tons, goats – 19 574 thousand tons, pigs – 76 221 thousand tons, horses – 167 620 thousand tons, camels – 7 957 thousand tons, poultry – 328 567 thousand tons.

Production of certain types of livestock products in 2023

Regions	Slaughtered on the farm or sold for slaughter of livestock and poultry (in slaughter weight), tons	Cow's milk, tons	Chicken eggs, thousand pieces	The skins are large, pieces	Small skins, pieces	Sheep wool, tons
The Republic of Kazakhstan	1 302 569,6	6 503 192,4	4 919 897,3	3 522 739,0	8 062 491,0	41 728,9
Abai Region	104 052,4	596 366,5	60 186,6	357 424,0	636 682,0	2 403,2
Akmola region	138 934,0	404 648,2	711 704,6	146 483,0	172 279,0	1 084,8
Aktobe region	76 081,3	382 078,9	239 413,2	341 125,0	622 129,0	3 095,4
Almaty region	179 470,6	558 604,3	569 796,6	356 198,0	979 146,0	6 050,1
Atyrau region	31 470,5	73 404,5	7 474,1	23 171,0	72 196,0	827,4
West Kazakhstan region	57 952,3	242 014,1	165 916,4	212 440,0	496 193,0	2 167,1
Zhambyl region	81 649,7	342 814,4	133 196,5	177 533,0	875 170,0	6 118,3
Zhetysu Region	65 506,2	338 604,7	363 241,3	270 270,0	829 885,0	4 035,5
Karaganda region	69 394,9	434 928,9	693 864,1	245 940,0	384 349,0	1 391,1
Kostanay region	54 007,9	440 657,6	527 107,2	116 415,0	112 506,0	561,7
Kyzylorda region	21 545,0	94 914,0	7 843,0	76 206,0	137 407,0	801,6
Mangystau region	13 816,5	449 428,9	726,5	24 753,0	78 059,0	629,1
Pavlodar region	69 038,8		229 366,0	223 010,0	262 598,0	1 061,2
North Kazakhstan region	65 600,4	669 451,8	679 961,2	153 506,0	170 689,0	798,9
Turkestan region	134 168,2	781 272,4	255 723,1	474 736,0	1 732 383,0	8 625,0
Ulytau Region	18 363,7	120 255,2	16 304,2	97 169,0	134 924,0	648,4
East Kazakhstan region	115 657,9	513 498,3	86 319,7	210 556,0	341 629,0	1 270,1
Astana city	54,8	187,5	2,0	144,0	197,0	0,3
Almaty city	53,6	468,5	220,8	31,0	10,0	1,0
Shymkent city	5 751,0	59 593,7	171 530,2	15 629,0	24 060,0	158,7

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

With the support of the Corporation, projects worth

16 292

million tenge have been implemented

In 2023, with the support of the Corporation, projects worth KZT 16 292 million were implemented in the following areas:

- 11 projects in the amount of KZT 8 963 million have been financed for the creation of dairy farms;
- 3 projects worth 6 793 million tenge were supported for the development of a network of poultry farms;
- As part of the creation of a network of feedlots, 1 project was financed in the amount of 65 million tenge;
- 3 projects worth 471 million tenge have been financed to create reproducers.

Processed products

Meat and food by-products production increased by 13,4%, reaching 398 077 tons compared to 350 935 tons in 2022. The production of sausages and similar meat products also increased by 0,9%, amounting to 67 317 tons against 66 691 tons last year. At the same time, fish production (fresh, chilled or frozen) decreased by 8,3%, falling from 51 183 tons to 46 942 tons.

In the segment of vegetable oils, including refined and unrefined, production increased by 1,3%, amounting to 672 112 tons against 663 397 tons in 2022. The production of processed liquid milk and cream increased by 2,9%, reaching 598 679 tons compared to 582 066 tons last year.

The production of flour from cereals and vegetable mixtures decreased by 3,6%, decreasing from 3 399 083 tons to 3 275 634 tons. A significant decrease was observed in the production of cereals, coarse flour and granules, where volumes decreased by 31,0%, from 99 877 tons to 68 905

tons. The production of fresh bread decreased by 2,8%, amounting to 506 578 tons compared to 521 133 tons in the previous year.

The production of pasta, noodles, couscous and similar flour products decreased by 5,7%, from 165 897 tons to 156 444 tons by the end of 2023. The most noticeable reduction occurred in the production of raw sugar or refined sugar, molasses, where volumes decreased by 19,1%, from 343 755 tons to 278 064 tons.

In general, data for January-December 2023 show that despite an increase in the production of certain types of products, such as meat, sausages and dairy products, there is a decrease in the production of fish, flour, cereals, bread and sugar.

As part of the development of agricultural processing, the Corporation implemented 3 projects in 2023 for a total amount of financing of 11 975 million tenge.

Producer price index for agricultural products in Kazakhstan for 2023

In 2023, the general price index for agricultural products in Kazakhstan decreased by 1,1% compared to 2022, amounting to 98,9%. This decrease occurred after a period of growth observed from 2018 to 2022, when price indices ranged from 102,8% to 117,2%.

In 2023, the crop sector showed a marked decrease in price indices compared to 2022. This is especially true for cereals and oilseeds, where the indices fell the most significantly. This downward trend in prices also affected potatoes and vegetables, but the decline was less pronounced for vegetables. Over the past decade, the prices of these goods have shown various trends, including periods of growth and decline, which reflect fluctuations in market conditions.

The livestock sector also recorded a decrease in the overall price index in 2023. Changes in prices affected livestock and poultry, where there was a moderate decrease. While milk and egg prices have remained relatively stable, with a slight decrease in milk and a moderate increase in eggs. Wool prices showed a slight increase compared to last year, but still remained below the peak values of previous years. These changes indicate ongoing fluctuations in the livestock sector, the impact of which is felt in the pricing of various types of products.

The price index for agricultural products, in %



Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Agricultural machinery park in Kazakhstan

The depreciation of the machine and tractor fleet at the end of 2023 reached

76%

In 2023, the situation with the agricultural machinery fleet in Kazakhstan remained problematic. At the end of 2023, the depreciation of the machine and tractor fleet reached 76%, which seriously affects the gross harvest of crops and increases the cost of repairs and fuels and lubricants. The high level of wear and tear of agricultural machinery, as a result, leads to significant losses in labor productivity, which undoubtedly requires updating and modernization of agricultural equipment.

Although the technology upgrade rate increased to 4,5% by 2023 from 1,9% in 2017, such an increase still remained insufficient to solve the problems. This situation has not been ignored by the country's top leadership. In the Address of the Head of State Kassym-Jomart Tokayev to the people of Kazakhstan dated September 1, 2023 «Economic course of a Just Kazakhstan», the President noted:

«*The deterioration of the machine and tractor fleet has become a serious problem - this figure currently stands at 80%. Therefore, the rate of renewal of agricultural machinery should be increased to 8-10% per year. At the same time, it is necessary to take into account the interests of both domestic manufacturers of machinery and farmers.*

As part of modernization efforts, in 2023, through leasing programs of KazAgroFinance JSC, the purchase of 7 710 units of equipment was financed, including 191 sowing complexes, 512 combines, 2 846 tractors, 172 seeders and 3 989 units of other equipment.

In 2023, KAF JSC financed the purchase of

7 710

units of equipment



Leasing activities in Kazakhstan

Leasing is an effective tool for updating fixed assets and is actively used in world practice.

In Kazakhstan, leasing activities are regulated by the Law of the Republic of Kazakhstan dated July 5, 2000 No. 78-II « About financial leasing », the Civil Code of the Republic of Kazakhstan (Special Part) and the Tax Code of the Republic of Kazakhstan.

According to the Bureau of National Statistics of the ASPIR of the Republic of Kazakhstan, there are 70 leasing companies in the country, of which the following organizations provide leasing of agricultural machinery and equipment:

Leasing companies

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

- 01 KazAgroFinance JSC,
- 02 Industrial Development Fund JSC,
- 03 LLP «Technolizing»,
- 04 JSC «Halyk Leasing»,
- 05 JSC «Leasing Group»,
- 06 Leasing company «NUR LEASING»
- 07 Kazakhstan Ijara Company JSC (KIC),
- 08 Komtransleasing LLP,
- 09 LLP «Leasing Company «Center Leasing» subsidiary of JSC «Bank Center Credit»,
- 10 Expert-leasing LLP.

Due to the wide distribution of government support tools, the leasing market in Kazakhstan is showing stable growth. Companies with special programs for leasing of agricultural machinery and equipment are offered the following financing conditions:

Financing conditions

№	Leasing companies	Asset financing	Conditions		
			The term of financing	the remuneration rate	Co-financing
1	Industrial Development Fund JSC	Equipment for the manufacturing industry, domestic production	3-10 years	3% (from 50 million to 5 billion tenge for light industry projects) 9% (from 80 million to 20 billion tenge)	at least 15%
2	LLP «Technolizing»	Agricultural machinery and equipment	3-5 years	from 22,25 %	from 20%
		According to the DAMU program: leasing of agricultural, road construction machinery and special equipment	up to 7 years	no more than 19,5%	from 30%
3	JSC «Halyk Leasing»	Agricultural machinery	up to 5 years	24,25% (at least the Base rate of the National Bank of the Republic of Kazakhstan +7,5%) (for the client: 6% of the Ministry of Agriculture)	from 20%
		Equipment	up to 5 years	19,5%	from 20%
4	SC «Leasing Group»	Special equipment (including Agricultural machinery), freight transport and cars	up to 5 years	from 20% per annum (from the Base rate of the National Bank of Kazakhstan +5%)	from 20%
5	Leasing company «NUR LEASING»	Leasing of trucks; special equipment; equipment; production complexes, etc.	from 3 years	from 19,75%	from 20%
		According to the «DAMU» program	up to 7 years	19% per annum	from 20%
6	Kazakhstan Ijara Company JSC (KIC)	Harvesting machines, sowing machines, irrigation machines	from 3 years and above	Individually	from 20%
7	Komtransleasing LLP	Leasing for tractors of the brand «Belarus»	up to 5 years	23%	from 25%
8	LLP «Leasing Company «Center Leasing» subsidiary of JSC «Bank Center Credit»	Agricultural machinery	Up to 60 months	20,25%	25%
9	Expert-leasing LLP	Agricultural machinery	from 3 years	19,5% per annum (at least the Base rate of the National Bank of Kazakhstan +5%)	at least 20%

Source: Internet resources of companies

Industry problems

Kazakhstan is facing a number of critical challenges in the agricultural sector, each of which affects the sustainability and efficiency of this important industry. The main ones include a shortage of water resources, dependence on imports, technological backwardness and insufficient development of entrepreneurial activity.

« Modern agriculture is a high-tech industry. Land and climate are no longer the determining factor for the success of farmers, innovative solutions have come to the fore. Without modern science, the situation in the industry will not just stagnate, but worsen.

from the Address of the Head of State Kassym-Jomart Tokayev to the People of Kazakhstan dated September 1, 2023 «The Economic course of a Just Kazakhstan».

The problem of water scarcity and outdated infrastructure

According to the UN, Kazakhstan may face a shortage of water resources amounting to 50% of the total demand by 2040. Agriculture, which consumes about 2/3 of the country's total water resources, is particularly vulnerable due to an outdated irrigation system, which leads to water losses during transportation in the amount of 11-15%. This problem is aggravated by the fact that more than 40% of the country's water potential is generated from transboundary sources, which makes it necessary to strengthen regional cooperation and develop joint plans for the use of water resources.

Dependence on imports and low export activity

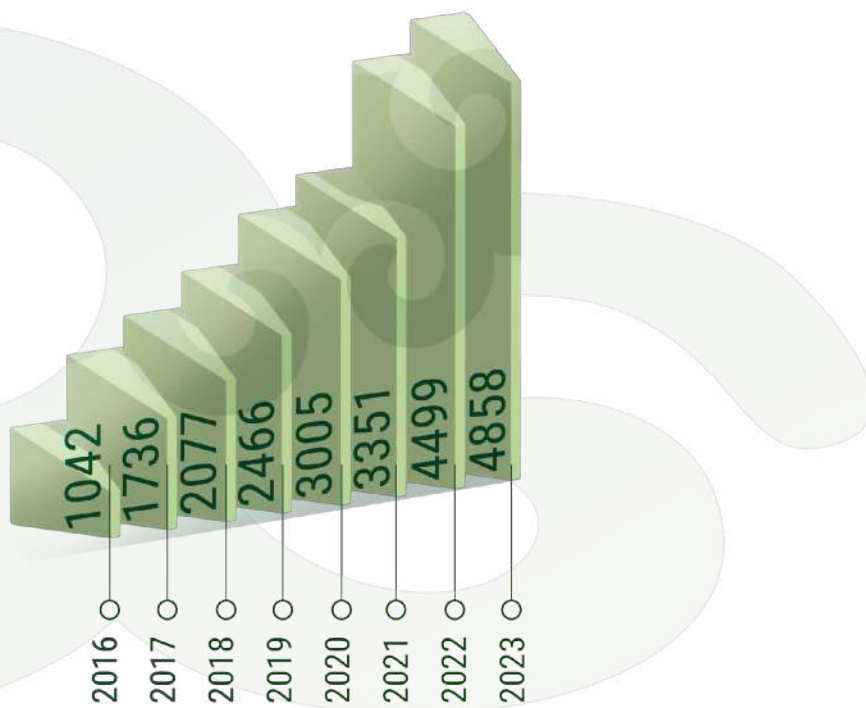
Kazakhstan's agricultural sector is heavily dependent on imports, especially in the livestock and processing segment. Imports of meat and meat products significantly exceed exports, from \$331 million to \$136 million by October 2023. The bulk of meat is imported from Latin American countries, which increases transportation costs and reduces the competitiveness of local producers.

Technical and technological backwardness

Labor productivity in Kazakhstan's agriculture is reduced due to the use of outdated equipment, the service life of which often exceeds 10 years. Only 28% of agricultural sector workers have higher or postgraduate education, which limits the introduction of modern methods and technologies such as precision farming and advanced management practices.

Labor productivity in agriculture of the Republic of Kazakhstan (gross value added (GVA) per employee), thousand tenge

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan



Insufficient entrepreneurial activity

The agricultural sector suffers from low dynamics of entrepreneurial activity, with a small percentage of new and efficient producers replacing old and inefficient ones. This reduces the overall competitiveness and productivity

of the industry. Most agricultural producers are dependent on government support and do not seek independent development and competition, which inhibits innovation and growth.

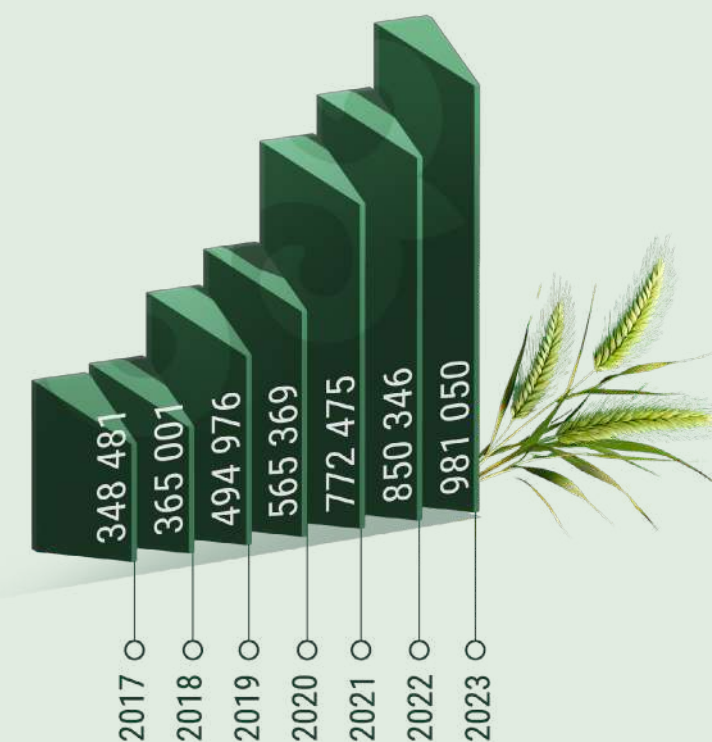
Support for agricultural producers as a driver of industry development

The growth of the industry is facilitated by support measures implemented through state development programs, which led to an increase in investments in fixed assets in 2023 by almost 3 times compared to 2017 (from 348 billion up to 981 billion tenge).

The growth of investments in fixed assets is due to the general increase in lending from the Holding group of companies, an increase in subsidizing investment costs, as well as an increase in the cost of agricultural machinery and equipment after the transition to a free-floating exchange rate of tenge in 2015.

Investments in fixed assets of agriculture for 2017-2023, million tenge

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan



FINANCING OF THE INDUSTRY

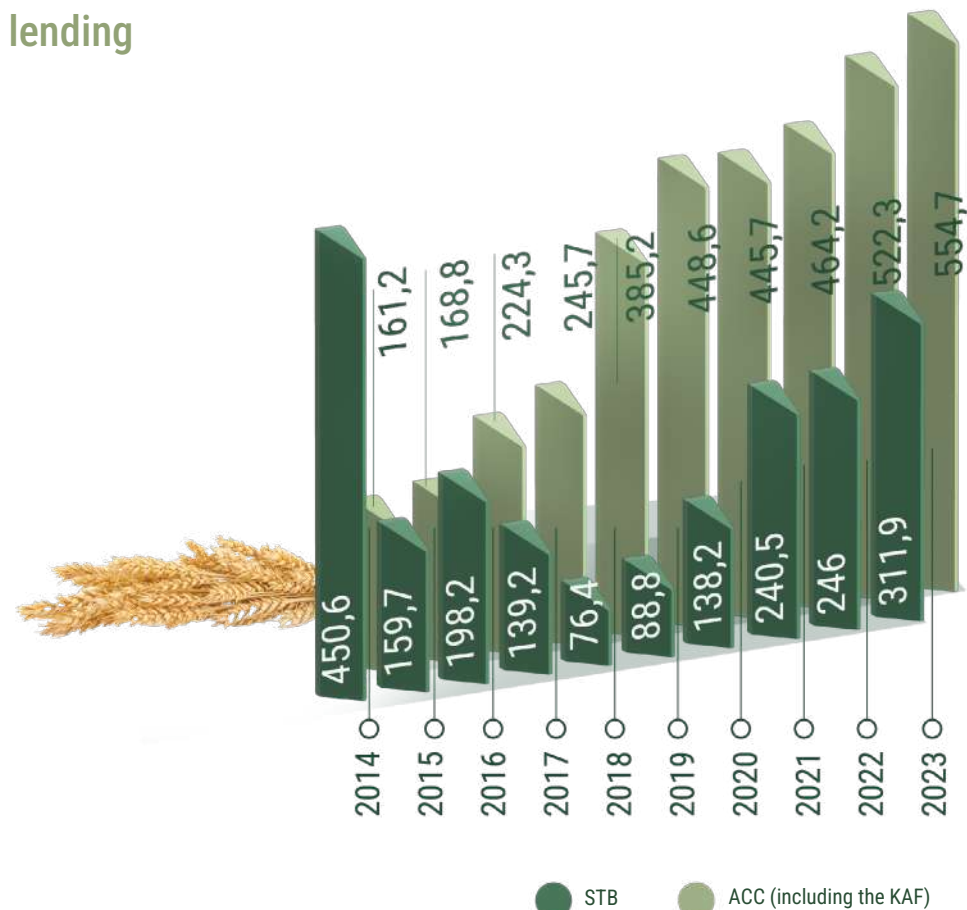
The total amount of financing in 2023 amounted to **350,3** billion tenge

In 2023, significant funding was directed to the development of the agro-industrial complex, providing support to the agricultural sector and food production. The total amount of financing by the Corporation of Agricultural Machinery and equipment amounted to 350,3 billion tenge. It should be noted separately that 178,8 billion tenge of this amount was allocated for leasing agricultural machinery and equipment.

In 2023, investments in fixed capital in the agricultural sector by the Corporation reached 316,7 billion tenge. Of this amount, 312,8 billion tenge were allocated to agriculture, including 134,0 billion tenge from the Corporation and 178,8 billion tenge from its subsidiary, KazAgroFinance JSC. Additionally, 3,9 billion tenge were invested in food production.

Special attention was paid to funding through financial institutions, where 6 647 units of agricultural machinery and equipment were financed in the amount of 247,2 billion tenge. The distribution of this financing included 4 295 units through credit partnerships in the amount of KZT 166,8 billion, 1 275 units through MFOs/LCs for KZT 19,5 billion and 1 077 units through STBs for KZT 60,9 billion.

The volume of lending to agriculture, billion tenge



178,8 billion tenge was allocated for leasing of agricultural equipment

In financing the agricultural sector through the STB and the Corporation, it is clear that the STB showed a high level of investment in 2014, followed by a significant decline and recovery by 2023, while the Corporation has demonstrated steady investment growth since 2014, reflecting an increasing role in supporting the agricultural sector.

The growth of agricultural financing from the STB is constrained by the following reasons:

- 01 conservative assessment of sectoral risks in agricultural production, caused, among other things, by the weak methodology of agricultural projects, the lack of accumulated experience in financing in this area and the occurrence of defaults of large grain holdings;
- 02 the lack of effective tools for hedging industry risks, which leads to unpredictability and uncertainty for creditors;
- 03 low liquidity of collateral in rural areas, including weak development of the land market and land use rights, which are the main collateral instruments for many agricultural producers;
- 04 lack of long-term financing in the national currency necessary to finance projects with a long payback period;
- 05 higher interest rates on loans, which makes loans less attractive to agricultural enterprises;
- 06 the high costs for the development and maintenance of a regional network in rural areas diminish the appeal of financing for financial organizations..

Work is also continuing on the automation of business processes in the Corporation in accordance with the best practices and standards of financial services.

State programs for the development of agriculture, in addition to the Corporation's tools, provide an opportunity for STBs to participate through cooperation with the Corporation. The economic incentives for STBs are the possibility of obtaining preferential funds and expanding the customer base.

PEST analysis

PEST analysis

Manifestation of factors	Influence +/-
Political and regulatory factors	
High level of state support for agriculture	+ Implementation of state programs for the development of Agro-industrial complex, expansion of microcredit in rural areas and cities.
Tightening of the banking legislation of the Republic of Kazakhstan and the transition of banks to Basel III	+ Reducing the risks of financial losses in crisis situations; + Banks' search for more sustainable sources of financing; + Merger of banks to meet the regulatory requirements of the National Bank of the Republic of Kazakhstan.
Assignment of the status of a financial agent to JSC Agrarian Credit Corporation	+ Budget loans from the republican budget can be attracted without ensuring the fulfillment of obligations.
State regulation of the agricultural sector	- Changing the directions and priorities of state policy in the field of agriculture.
Economic factors	
Membership in the WTO, EAEU, CU, SCO	+ The potential for intensive development of the agro-industrial complex due to the development of foreign trade; - Increased competition from foreign agricultural producers; - Introduction of restrictions on the application of state support measures for agricultural policy.
Volatility of the exchange rate of foreign currency against tenge	- Decrease in the liquidity of the national currency among financial institutions; - Increasing the cost of currency risk hedging instruments; - Impact on the cost of imported agricultural machinery and equipment.
Change of the base rate by the National Bank of the Republic of Kazakhstan	- Impact on interest rates on loans from financial institutions.
Social factors	
Population growth, living standards and urbanization	+ The need to increase agricultural production; - Outflow of the able-bodied population from rural areas.
Insufficient financial literacy of the rural population	- Absence or poor quality of financial statements; - The relatively low level of confidence of the rural population in financial institutions.
The low level of income and collateral base of the subjects of the Agro-industrial complex in rural areas	- Low solvency of agricultural entities; - Low access to sources of financing.
Technological factors	
Increasing the penetration of the Internet and mobile technologies in rural areas	+ The need to develop electronic and online services.
Increasing the need to update the fixed assets of the agro-industrial complex	+ Increased demand for credit products and leasing.
Development of «green» technologies	+ The need for lending to «green» technologies; + Improving energy efficiency

BUSINESS OVERVIEW

STRATEGIC AREAS OF ACTIVITY

TO REALIZE ITS MISSION, THE CORPORATION OPERATES IN TWO MAIN STRATEGIC DIRECTIONS:

1. Increasing the coverage of financing of agricultural entities, promoting the institutional maturity of financial institutions and increasing labor productivity in agriculture.

1.1. Increasing the coverage of agribusiness entities with financial services;

1.2. Promoting productivity growth in agriculture;

1.3. Assistance to the institutional development of financial institutions in the agro-industrial complex.

2. Increasing the efficiency of activities.

2.1. Ensuring financial stability;

2.2. Improvement of operational activities;

2.3. Improving the quality and transparency of corporate governance.

In 2023,
12
out of 13 planned efficiency levels were fulfilled

In 2023, 13 efficiency levels are planned. Of these, 12 indicators have been fulfilled, 1 has been partially fulfilled.

Thus, the efficiency ratio of «The share of funding of financial institutions in the total volume of lending to the Company» was 70,6% or 99,9% of the annual plan of 70,7%.

In 2023, the Company financed 10 673 agricultural enterprises for a total amount of 350,3 billion tenge, including through funding of financial institutions 6 647 agricultural enterprises for a total amount of 247,2 billion tenge, including through:

Credit Partnerships

4 295 units. Agricultural producers in the amount of 166,8 billion tenge;

MFO/LC

1 275 units. Agricultural producers in the amount of 19,5 billion tenge

Second Tier banks

1 077 e Agricultural producers in the amount of 60,9 billion tenge.

In 2023,
10 673
agricultural enterprises were funded

Indicators	2023			
	Plan	Fact	Deviation, thousand tenge	Deviation, %
Total amount of financing, total, including	301 020 000	350 282 074	49 262 074	116,4%
The amount of financing of financial institutions (FI)	212 735 659	247 244 501	34 508 842	116,2%
Share of FI funding	70,7	70,6	-0,1	99,9%
The amount of financing through direct lending (Direct)	88 284 341	103 037 573	14 753 232	116,7%
The share of funding is Direct	29,3	29,4	0,1	100,3%

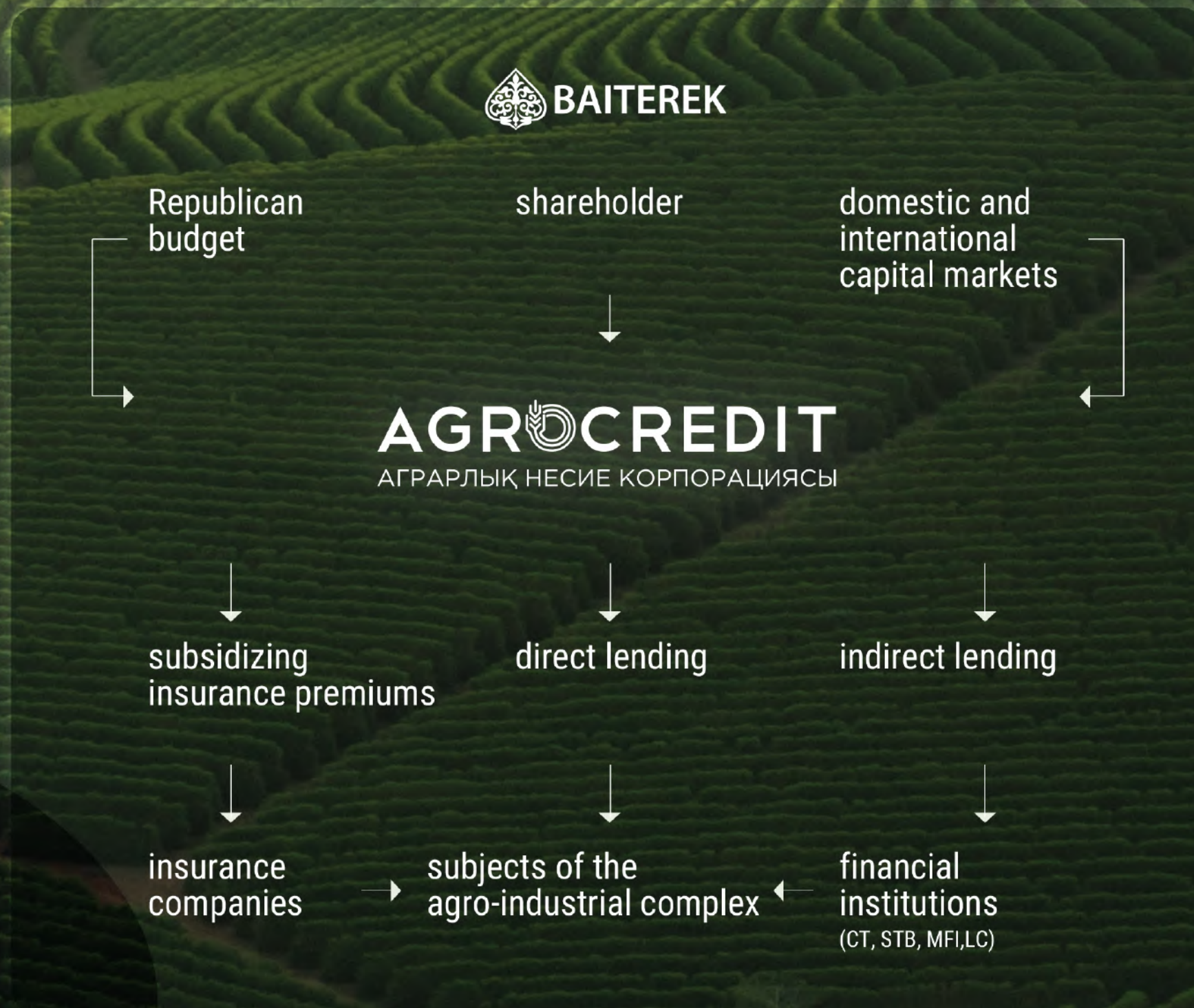
Below is the information on the actual performance of the KPIs

№	Key indicators of the Corporation's Development Strategy (quantitative or qualitative)	The unit of change.	Execution in 2023		
			Plan	Fact	Execution, %
1	2	3	4	5	6
1	KPI 1. Volume of agricultural sector lending under the Corporation's financing programs	billion tenge	471,0	529,1	112,3
2	KPI 2. Volume of investments in fixed capital in the agricultural sector (per year)	billion tenge	287,5	316,7	110,2
3	KPI 3. Share of funding for financial institutions in the total lending volume of the Corporation	%	70,7	70,6	99,9
4	KPI 4. Revenue of enterprises receiving support (per year)	billion tenge	163,2	245,5	150,4
5	KPI 5. Export revenue of enterprises receiving support (per year)	billion tenge	16,3	55,2	338,4
6	KPI 6. Volume of agricultural machinery and equipment leasing (KazAgroFinance) (per year)	billion tenge	170,0	178,8	105,2
7	KPI 7. Labor productivity for financed investment projects	thousand tenge per 1 employee	4941,8	7002,1	141,7
8	KPI 8. NPL 90+ (Non-Performing Loans over 90 days)	%	9,00	7,6	ex.
9	KPI 9. ROA (Return on Assets)	%	1,25	2,16	171,9
10	KPI 10. Share of non-state borrowing sources in the overall borrowing structure for the reporting year	%	31,88	37,2	116,8
11	KPI 11. Share of the private sector in the loan portfolio	%	100,00%	100,00%	100,0
12	KPI 12. Share of the loan and investment portfolio in total assets	%	80	85,34	106,7
13	KPI 13. Business process automation	%	100,00	108,10	108,1

THE BUSINESS MODEL

AS A SUBSIDIARY OF THE HOLDING, THE CORPORATION IMPLEMENTS A STATE POLICY ON THE FORMATION OF AN AFFORDABLE CREDIT SYSTEM THAT STIMULATES THE DEVELOPMENT OF COMPETITIVE ENTREPRENEURSHIP IN RURAL AREAS. THE MAIN PRINCIPLE OF THE CORPORATION'S WORK IS TO PROVIDE THE AGRICULTURAL ENTERPRISE WITH AFFORDABLE FINANCIAL RESOURCES.

THE SOLE SHAREHOLDER IS BAITEREK NATIONAL MANAGING HOLDING JSC.



To reduce dependence on budgetary funds, the Corporation diversifies its sources of financing by attracting funds from domestic capital markets. Within the framework of the target business model, two areas of activity are defined: direct and indirect lending to agricultural entities.

The Corporation provides financing for investment projects that have a significant socio-economic impact on the agro-industrial complex. Lending to agricultural entities is carried out on the basis of programs with preferential terms within the framework of State programs, as well as using own and borrowed funds.

The Corporation also participates in the development of an insurance system for industry risks in the agro-industrial complex, which will increase the protection of the property interests of agricultural enterprises, and the availability of financing for agro-industrial entities. The Corporation acts as an operator in the field of insurance in the agro-industrial complex, subsidizing 80% of the amount of insurance premiums, controlling the functioning of the online insurance information system.

Starting in 2023, in order to simplify the process of reviewing large investment projects, the Corporation has introduced a two-stage project review procedure:

STAGE 1

At the first stage, an indicative examination is carried out on the basis of a minimum set of documents to determine the indicative conditions.

STAGE 2

At the second stage, the applicant and the investment project are reviewed and analyzed for the possibility of financing.

AUTOMATION OF PROCESSES

01 Online platform for reviewing applications for microcredit (integration with GBD and more than 50 services).

01

STAGE 1

APPLICATION SUBMISSION

All that is required to submit an application: IIN+ phone (the system automatically calculates the deposit).

Checking data on government databases

02

STAGE 2

ONLINE VALUATION OF COLLATERAL

03

STAGE 3

AUTOMATED FINANCIAL ANALYSIS OF THE PROJECT

02 Optimization of payments through IS Treasury Client (reduction of the period of receipt of credit funds to the borrower's account from three days to one day);

03 Integration with the platform Kaspi.kz , Homebank, BC, Kazpost (the client makes payments without commissions and travel to regional centers);

04 A system has been developed for signing pledge agreements with agricultural producers using biometrics;

05 Implementation of SMS notifications to clients (clients are notified of upcoming and overdue payments);

06 An online platform has been developed for the youth lending program;

07 The mobile application «AGROCREDIT APP» has been developed;

08 AGRONESIE.KZ has successfully passed the certification for compliance with the information security requirements of GTS JSC.



CURRENT FUNDING PROGRAMS

The «Ken Dala» program

provides loans to agricultural entities for spring field and harvesting operations.

Financing channels	Loan amount	The remuneration rate	Loan term
<ul style="list-style-type: none"> Credit partnerships; Microfinance organizations; Second-tier banks; Regional investment centers. 	from 1 million tenge to 10 billion tenge (for financial institutions)	5% per annum (Effective Annual Rate – from 5% per annum) (for lending to borrowers of credit partnerships, regional investment centers, microfinance organizations, second-tier banks – margin no more than 3,5%)	until March 1 of the year following the year of financing

In 2023, loans in the amount of 141 200 million tenge were issued under this program.

The «Agribusiness» program

provides loans to credit partnerships, agricultural enterprises for replenishment of working capital, purchase of fixed assets, including modernization of facilities, construction and installation works and reconstruction.

Funding channels	Loan amount		The remuneration rate	Loan term
	Minimum amount:	Maximum amount:		
<ul style="list-style-type: none"> Branches of JSC Agrarian Credit Corporation; Credit partnerships; Leasing companies; Second-tier banks; Microfinance organizations; Regional investment centers. 	from 1 000 000 tenge (for NF RK and DKZ – from 50 million tenge).	1) investment projects of borrowers/groups of borrowers – up to 7 billion tenge; 2) other projects that are not investment projects, up to 5 billion tenge per borrower, up to 10 billion tenge per group of borrowers; 3) up to 10 billion tenge for a Credit Partnership	The maximum interest rate is 22% per annum (Effective Annual Rate – from 22% per annum), taking into account subsidies, the interest rate is 6% per annum	up to 120 months; 48 months to replenish working capital

In 2023, loans in the amount of 186 800 million tenge were issued under this program.

The «Isker» program

lending for the production and processing of agricultural products; lending to agricultural cooperatives for the organization of service and procurement services for meat, dairy and fruit and vegetable products, for the development of non-agricultural business in rural areas.

Financing channels	Loan amount	The remuneration rate	Loan term
<ul style="list-style-type: none"> Direct lending; Credit partnerships; Microfinance organizations. 	up to 8000 MCI	6% per annum, (Effective Annual Rate – from 6% per annum). For members of low-income and/or large families – 4% per annum (Effective Annual Rate – from 4% per annum).	For all projects up to 60 months; For projects in the field of animal husbandry – up to 84 months.

In 2023, loans in the amount of 22 282 million tenge were issued under this program.

The program «Micro-crediting of youth»

borrowers of this program are young entrepreneurs - citizens of the Republic of Kazakhstan, aged 21 to 35 years, registered as sole proprietors (less than 5 years).

The purpose of the program is to stimulate aspiring businessmen in the field of animal husbandry and other areas. The loan requires the provision of collateral, which can be both movable and immovable property.

Financing channels	Loan amount	The remuneration rate	Loan term
<ul style="list-style-type: none"> Branches of JSC Agrarian Credit Corporation; 	Up to 5 million tenge.	2,5% per annum (Effective Annual Rate – from 2,5% per annum).	1) for the development of animal husbandry up to 7 years, 2) other business lines for up to 5 years.

In 2023, 7,176 loans totaling KZT 25,633 million were issued under the Youth Microcredit Program. Information on the development of the «Microcredit for youth» by region:

The program «With a diploma – to the village!» (rural mortgage)

In accordance with the order of the Minister of National Economy of the Republic of Kazakhstan No. 93 dated 03/28/2023, from April 1, 2023, the functions of the attorney (agent) under the program «With a diploma – to the village!» were transferred from the Corporation to Otbas Bank JSC.

Insurance

In 2023,
3959,9
million tenge
was paid

The purpose of the development of insurance in the agricultural sector is to increase the protection of the property interests of agricultural producers, including increasing the availability of financing for agricultural entities.

Since January 2020, the transition from a mandatory form of insurance to a voluntary one has been carried out, amendments have been made to the Law of the Republic of Kazakhstan «On State regulation of development of agricultural complex and rural territories» dated July 8, 2005 No. 66-III. The insurance system in the agricultural sector is implemented within the framework of budget program 250 «Increasing the availability of financial services» subprogram 108 «Insurance support in the agro-industrial complex». The administrator of the budget program is the Ministry of Agriculture of the Republic of Kazakhstan.

The voluntary insurance system in the agro-industrial complex assumes state support in the form of subsidizing insurance premiums in the amount of 80%, which makes it possible to make an insurance policy more affordable for agricultural enterprises.

As part of the measures provided by the state support for the insurance system in the agro-industrial complex, 2 477 297 thousand tenge was allocated from the republican budget in 2023, of which 2 445 910 thousand tenge was allocated to subsidize insurance premiums and 31 387 thousand tenge to pay for Operator services in the field of insurance in the agro-industrial complex.

The Corporation is defined as an Operator in the field of insurance in the agro-industrial complex and performs the following functions:

- 01 purchase of services to ensure access to the insurance information system and its maintenance. Support in order to ensure the online insurance process on the Agroinsurance information service;
- 02 administration of the budget allocation process in the form of ensuring timely payments of subsidies and insurance premiums under insurance contracts concluded between the insurer and the policyholder;
- 03 development, examination and approval of insurance products, including those developed by insurance companies, subject to subsidies. Organization of the work of the Expert Council on insurance issues in the agro-industrial complex.

There are
16
insurance products
in operation



Currently, there are 16 insurance products in the agricultural insurance industry in the field of crop and livestock production, for which part of the insurance premium is subsidized. Insurance products have been developed by insurers licensed to carry out insurance activities in the field of «general insurance».

In 2023, pig insurance products were introduced in the livestock industry:

- 1) Pig insurance is the usual coverage;
- 2) Pig Insurance – extended coverage.

The new insurance system assumes the presence of a variety of insurance products, which, depending on the needs of the market, can be developed for individual industries, sub-sectors, natural phenomena, their totality, economic risks, and so on.

In 2023, 225 insurance contracts were concluded in the field of agriculture, of which 279 thousand hectares of crops and 152 thousand units of apple trees were insured in crop production under 142 contracts, the insurance premium amounted to 1 651 million tenge, of which 1 320,9 million tenge was subsidized.

In animal husbandry, 16 thousand heads of animals were insured under 83 contracts and 4 061 thousand heads of birds under 16 contracts, the insurance premium amounted to 302,3 million tenge, of which 241,8 million tenge was subsidized.

In total, under insurance contracts in 2023, as a result of insured events, insurance companies paid KZT 3 959,9 million, which is 3 times more than in 2022.

For reference

By order of the Chairman of the Board of the Corporation:

- ☞ On February 10, 2023, No. 34- Θ approved new conditions for index insurance products for soil moisture deficiency and excess for the new sowing season of 2023 for cereals and oilseeds.
- ☞ On July 10, 2023, No. 1114- Θ launched a new insurance product in animal husbandry «Pig Insurance».
- ☞ On August 16, 2023, No. 1140- Θ approved new conditions for the product of soil moisture deficiency insurance for winter crops for the new sowing season.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

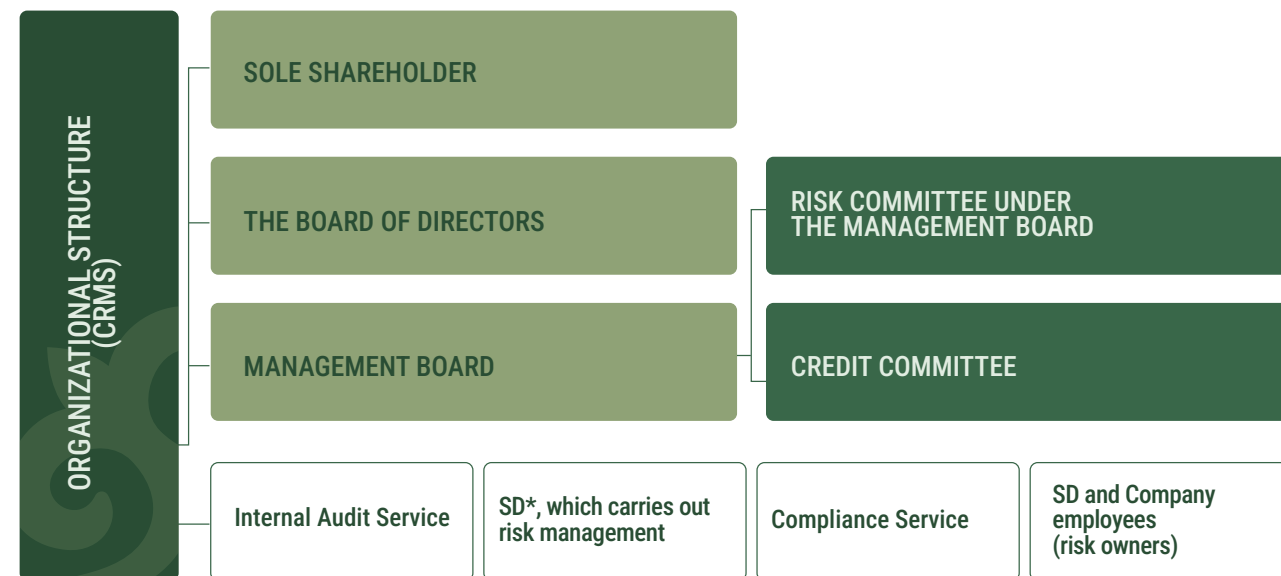
The Corporation's risk management system is a continuous process that facilitates the timely identification, assessment, monitoring and control of risks. It also provides the Management Board and the Board of Directors of the Corporation with up-to-date information on risks and measures to minimize them.

The main objective of the risk management system is to achieve an optimal balance between profitability and the level of risks, as well as to ensure the sustainable development of the Corporation within the framework of the implementation of strategic plans and the achievement of established goals.

THE ORGANIZATIONAL STRUCTURE OF THE CORPORATE RISK MANAGEMENT SYSTEM (CRMS)

In accordance with the Risk Management Policy of Agrarian Credit Corporation JSC, the organizational structure of the Corporation in the risk management process is represented by the following elements:

- ✦ The Sole Shareholder,
- ✦ The Board of Directors,
- ✦ The Management Board,
- ✦ The structural unit responsible for risk management, in particular the Risk Management Department,
- ✦ The Internal Audit Service and other structural units.



*SD – structural divisions

The functions of the participants in the risk management process are determined by the Risk Management Policy of JSC Agrarian Credit Corporation, which is publicly available on the Corporation's website.

The Corporation has implemented a risk management system in accordance with international standards COSO ERM: 2017 and ISO 31000:2018. Risk management in a Corporation is a set of culture, capabilities, practices and coordinated actions aimed at defining and achieving the strategic goals of an organization, taking into account risk.

international standards



The Corporation's activities are subject to 18 risks assessed in the Risk Register, grouped into categories and located in the Risk Map.

- There are 5 risks in the red zone;
- There are 10 risks in the yellow zone;
- There are 3 risks in the green zone.

corporate risks



Risk management system



key risk indicators in the corporation

Key risk indicators (KRI) have been developed for risks located in the significant and critical area of the Corporation's Risk Map. In total, 5 key risk indicators have been developed for risks located in the critical zone of the risk map, for which a report on the current level of indicators of key risk indicators is periodically compiled for further provision to the authorized body of the Corporation.



risk minimization measures

In order to minimize risks, the Corporation has developed a Risk Management Plan within the framework of the Risk Register. The action plan for 2023 included 109 actions with set deadlines for all risk groups. Risk owners provide a report on the implementation of measures on a quarterly basis.

IDENTIFIED RISKS

The methodology of the Corporation is primarily based on a centralized risk management and assessment system. Its purpose is to maintain the total risk of the Corporation at a level determined by the Corporation, in accordance with its own strategic objectives.

The centralized risk management system includes the following components:

- ⌘ Components and/or metrics of a Corporation's risk appetite calculated on a consolidated basis, including capital adequacy to cover the total amount of risks, taking into account normal and stressful situations.
- ⌘ Managing individual types of risks by setting uniform requirements, limits and restrictions.
- ⌘ Monitoring of certain types of risks through the formation of management reports of the Corporation.
- ⌘ Preparation of recommendations on certain issues of a subsidiary organization by authorized collegial bodies of the Corporation.
- ⌘ The centralized risk management system is based on the internal capital adequacy assessment process, since the Corporation must assess all risks that are initially disparate. Each type of risk is quantified for the purpose of subsequent aggregation to calculate the internal capital of the Corporation and compare it with the available financial resources of the Corporation designed to cover all risks.

The risk register for 2023 includes

18
risks

As part of the risk management procedures in 2023, measures were developed and implemented to minimize these and other risks, risk owners were identified, key indicators were identified, and risk reporting was prepared and provided to the Management Board and the Board of Directors of the Corporation.

The effectiveness of the risk management system is assessed by the Internal Audit Service of the Corporation.

The Risk Register for 2023 consists of 6 risk categories, which include 18 risks.

STRATEGIC RISKS

- Risks of strategic planning and resource allocation
- Reputational risks

OPERATIONAL RISKS

- Personnel risks
- Risks of incorrect functioning of business processes
- Information security (IS) and information technology (IT) risks
- Risks of unreliable and untimely reporting
- Administrative and economic risks

ENVIRONMENTAL RISKS

- ESG risks

FINANCIAL RISKS

- Liquidity gap risk
- Currency risk
- Risks of reducing equity
- Model risk

CREDIT RISKS

- Credit risk of counterparty banks
- Risks of the loan portfolio
- The risks of a significant reduction in the value or loss of collateral

LEGAL RISKS

- Compliance risks
- The risk of non-fulfillment of the covenants and prudential standards of the National Bank of the Republic of Kazakhstan
- Risks of litigation

IMPROVING THE RISK MANAGEMENT SYSTEM

Liquidity risk

Liquidity risk arises when the maturities of assets and liabilities do not match, which affects the Corporation's provision with sufficient liquid funds at an affordable price in order to meet its balance sheet and off-balance sheet obligations in a timely manner. The coincidence and/or controlled mismatch of maturities and interest rates on assets and liabilities is a fundamental point in the management of a Corporation.

The Corporation manages liquidity in order to ensure the constant availability of funds necessary to fulfill all obligations as they mature. Liquidity risk management is carried out within the framework of Risk Management Rules approved by the Board of Directors of the Corporation.

The procedures for managing liquidity in the Corporation include:

- Forecasting cash flows and calculating the required level of liquid assets associated with these cash flows.
- Maintaining a diversified structure of funding sources.
- Managing the concentration and structure of borrowed funds.
- Development of debt financing plans.
- Servicing a portfolio of highly liquid assets that can be freely sold in the event of a cash liquidity gap.
- Development of reserve plans to maintain liquidity and a predetermined level of financing.
- Monitoring compliance of the balance sheet indicators of the Corporation's liquidity with legally established standards.

The risk of loss of liquidity is measured and controlled within the framework of these documents using the following tools and analytical reports: regulatory and contractual liquidity standards; analysis of current liquid balances and planned inflows/outflows of liquid funds; internal liquidity ratios, including the recommended Basel liquidity ratios LCR and NSFR; analysis of liquidity gaps (gap analysis).

The Corporation monitors liquidity risk by analyzing cumulative gap gaps in order to take measures to reduce the risk of loss of liquidity. The responsibility for managing current liquidity lies with the Treasury Department, which conducts operations in financial markets to maintain sufficient liquidity and optimize cash flows.

Information on liquidity risk is summarized in the risk report, which is submitted to the Management Board and the Board of Directors of the Corporation on a quarterly basis.

Market risks

The Corporation may be exposed to currency risk in the event of an open currency position caused by adverse changes in foreign exchange rates in the course of its activities.

The market risk management process includes the following sequential steps:

- Management planning: identification of appropriate approaches for effective management of market risks.
- Identification: identification and documentation of various types of market risks that may negatively affect the financial result of the Corporation.
- Qualitative assessment: qualitative analysis of market risks, identification of the causes of their occurrence in order to assess their impact on the financial result of the Corporation.
- Quantitative assessment: quantitative analysis of the probability of occurrence and consequences of the realization of market risks.
- Response planning: defining procedures and methods to mitigate the negative effects of market risks.
- Monitoring and control of exposure: monitoring market risks, performing timely risk management procedures and evaluating the effectiveness of measures taken to reduce exposure to market risks.

The purpose of the market risk management system is to maintain the aggregate risk at a level determined by the Corporation in accordance with its strategic objectives. The priority is to ensure maximum security of the Corporation's assets and capital by minimizing market risks that can lead to unexpected financial losses.

Methods of assessing market risks include:

1. Currency risk. Monitoring of the currency position, including the use of sensitivity analysis of changes in exchange rates and the impact on the financial result. The amount of change in the currency position depends on the type of stress scenario used;
2. Currency risk. Calculation of monthly and annual VaR using the historical method using the covariance-variation matrix;
3. Interest rate risk. Monitoring of the securities portfolio for duration and volume, including changes in yield to maturity and impact on financial results. The amount of change in the yield to maturity depends on the type of stress scenario used;
4. Interest GAP – monitoring of gaps in assets and liabilities sensitive to changes in interest rates, including changes in the interest rate and the impact on financial results. The amount of the rate change depends on the type of stress scenario used.

Summary information on the risk of exposure to market risks is provided on a quarterly basis to the Management Board and the Board of Directors of the Corporation.

Operational risk

Operational risk is the risk of failure to achieve set goals and objectives, as well as losses resulting from deficiencies or errors in the implementation of internal processes committed by employees (including personnel risks), the functioning of information systems and technologies (technological risks), as well as due to external events.

The purpose of operational risk management is to optimize the operational efficiency of the Corporation by reducing operational losses, rationalizing costs, as well as reducing time and increasing the adequacy of the Corporation's response to events beyond its control.

Operational risk management tools:

- A risk database used for the purpose of accumulating and tracking historical data on potential and realized risks on an ongoing basis, including significant losses within each line of business in the Corporation. The Risk Management Department of the Corporation monitors the Database on a daily basis for the presence of recorded risk events;
- Self-assessment of operational risks, which allows employees of the Corporation to independently identify and analyze the operational risk to which the unit/process/operations are exposed;
- Key risk indicators, a tool that provides early signals of an increase in risk and/or a potential event that could negatively affect the activities of the Corporation;
- The Risk Register and Risk Map are used to systematize identified risks in the Corporation as part of management reporting to the Management Board and the Board of Directors of the Corporation.

To ensure holistic and comprehensive operational risk management, operational risk management tools are used in an integrated and interconnected manner.

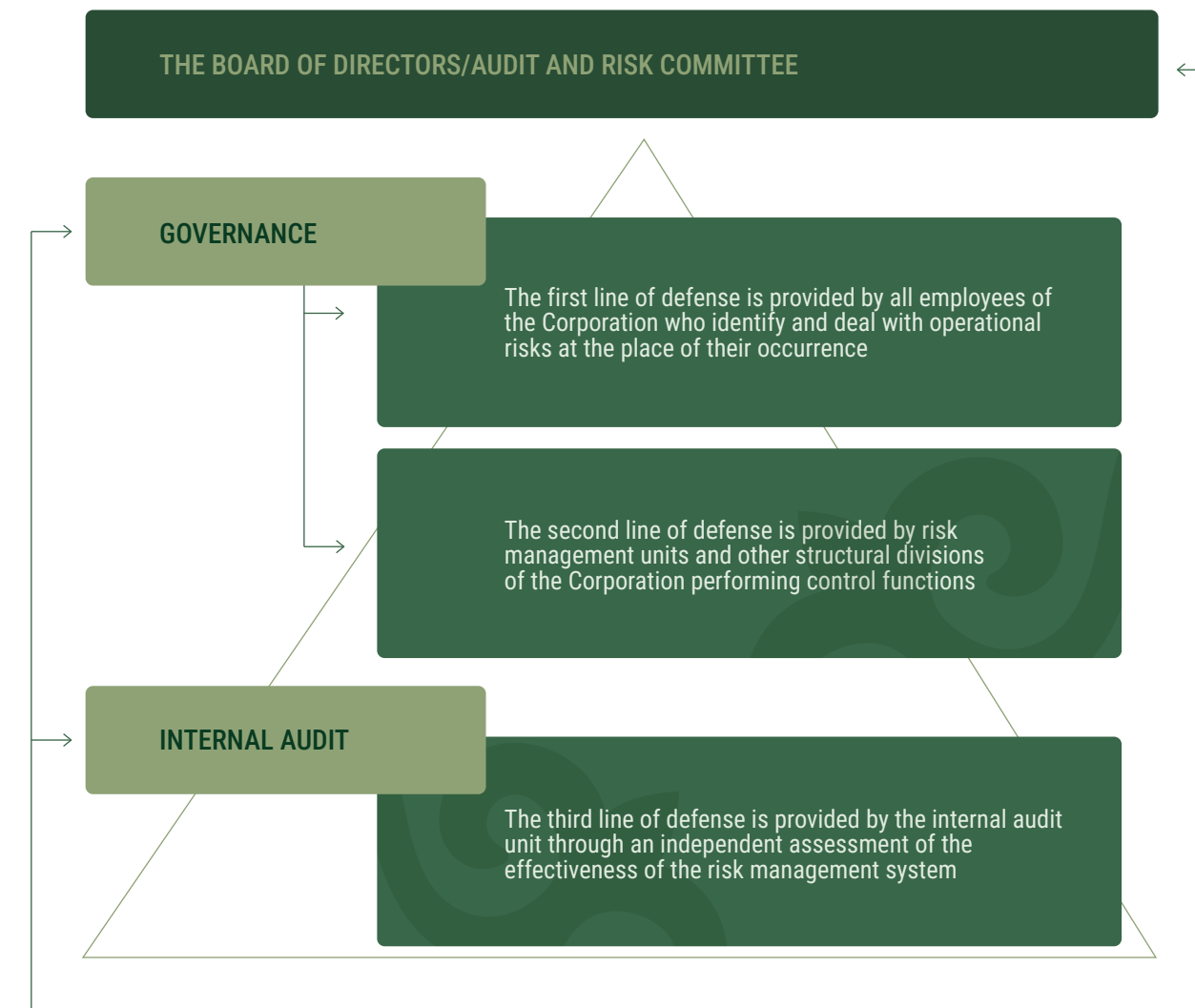
Operational risks are classified by event categories and causes, according to Basel recommendations.

Summary information on operational risks is submitted to the Board of Directors of the Corporation as part of the quarterly risk assessment report.

The Risk Management Department interacts with the Corporation's risk coordinators, whose functions are to ensure complete and timely collection and provision of information on operational risk events, assistance in managing operational risk and monitoring compliance with operational risk management procedures and key risk indicators.

When organizing a risk management system, the Corporation is guided by the principle of «three lines of defense», which provides for the distribution of responsibility in the process of managing operational risks:

Allocation of responsibility in the process of operational risk management:



The operational risk management process is regulated by the internal documents of the Corporation and is carried out at all levels of the corporate risk management system. Participants in the operational risk management process perform the functions of identifying and registering potential risks in the Corporation's Risk Database, as well as taking measures to minimize their level and prevent the occurrence of negative consequences from their implementation.

Credit risk

The Corporation is exposed to credit risk, which is the risk that the counterparty to a financial instrument will not fulfill its obligations.

The main purpose of the Corporation's credit risk management system is to minimize credit risk, prevent it, and reduce the likelihood of financial losses due to the borrower's failure to fulfill its financial obligations.

Credit risk is realized through the recognition of financial losses and/or additional accrual of reserves (provisions) to cover possible financial losses on the financial assets of the Corporation resulting from a decrease/loss of creditworthiness/solvency of the borrower.

In order to minimize credit risks, the Corporation carries out:

- organizational support of credit activities;
- risk control based on the calculation and establishment of credit limits, including limits per borrower, per group of borrowers;
- analysis of the borrower's creditworthiness;
- Timely and effective reporting and monitoring system;
- stress testing on credit risk

The Corporation determines the amount of possible damage from non-fulfillment of obligations by customers on a monthly basis and creates reserves in accordance with the requirements of international financial reporting standards.

The Corporation determines the level of credit risk by setting maximum limits per borrower and/or a group of related borrowers. When setting limits, credit ratings of counterparties assigned by international rating agencies are used, as well as an assessment of the financial condition based on available financial reporting data. To assess credit risk within the framework of a centralized risk management system, the Corporation determines the appropriate approaches from those provided in the appropriate methodology, depending on the volume and complexity of financial assets exposed to credit risk. The main method used by the Corporation to assess credit risk is the Credit Risk Weighted Asset Method (RWA).

The Corporation can use various scenarios to calculate the reserve from stress testing for credit risk in the framework of calculating internal capital. The Corporation conducts a quarterly credit risk assessment and submits it to the Holding for consideration.

In order to effectively manage credit risks, the Corporation has approved business processes that take into account the separation of lending and risk management functions, and created collegial bodies and departments involved in the assessment and management of credit risks.

Business risk

The Corporation is subject to exposure to various types of risks in the implementation of its business processes. Business risk is one of the important factors affecting the sustainability and financial results of a Corporation.

Business risk is understood as an unfavorable unforeseen change in the scope of the Corporation's activities, which can lead to significant profit losses. The main factors of business risk are: a significant deterioration in market conditions, changes in the competitive environment, changes in the cost structure, and so on.

Business risk is assessed regularly by calculating Earnings at risk (EaR), which is replaced by the VaR indicator and interpreted as the maximum value of probable losses that will not be exceeded at a given confidence interval (99%) and time horizon in a normal market.

In stress testing, the method of historical and hypothetical scenarios is used to model a stress scenario for business risk.

To calculate stress testing, the following quarterly data is used with a period depth of 3 years or more (so that the number of observations n exceeds 30):

1. net income of the Corporation;
2. USD/KZT exchange rate;
3. the price of Brent oil;
4. inflation rate (consumer price index).

Strategic risk

The Corporation is exposed to strategic risks, which imply:

- the risk of non-relevance of the development strategy of the Corporation or Subsidiaries in terms of its compliance with the goals and objectives set out in the strategic and program documents of the Republic of Kazakhstan, strategic plans of government agencies, and compliance with budget parameters specified in the forecast of socio-economic development, strategic documents of the Holding;

- the risk of ineffective implementation of the development strategy of the Corporation or its subsidiaries as a result of failure to achieve strategic key performance indicators.

Achievements in terms of the risk management system

- 01** In 2023, the Corporation conducted an independent assessment by the consulting company KPMG TAXES AND ADVISORY LLP of the corporate risk management system and internal control system for the period from 07/01/2021 to 12/31/2023.
- In accordance with the definition of the level of effectiveness (maturity) of the risk management system (RMS) provided for by the Methodology for evaluating the Corporation's Risk Management System, the score corresponds to the level – «Mature»: The main elements of the RMS correspond to «best practice» and are quite effective. The final efficiency score of the RMS was 90.8%.
- In accordance with the definition of the level of effectiveness (maturity) of the internal control system (ICS) provided for by the Methodology for evaluating the Corporation's internal Control System, the score corresponds to the level – «Mature»: The main elements of the ICS correspond to «best practice». The final score of the ICS efficiency was 81,1%.
- 02** In order to comply with the international ESG principles, which are aimed at taking into account environmental and social factors in the course of investment activities, the risk category «environmental risk», including ESG risks, is included in the Risk Register of the Corporation. Within the framework of ESG risks, the Corporation has developed measures aimed at minimizing risk, developing a Plan for integrating ESG principles, conducting activities to develop a culture of responsible resource consumption, as well as participating in various volunteer environmental programs.
- 03** The rating and forecast of the Corporation have been confirmed at the BBB level – «stable» (09/22/2023);
- 04** Reports to the National Bank of the Republic of Kazakhstan during 2023 were sent in a timely manner, no facts of unreliability of information within the competence of the DRM were revealed;
- 05** In order to ensure the stability of the Corporation to any incidents and emergency events, as well as to reduce the risks of emergency situations, the Corporation has developed Business Continuity Rules and a Business Continuity Plan for the Corporation;
- 06** As part of the improvement of the risk culture, the Corporation conducted training on the basic principles of the formation of provisions and ways to reduce them, on the assessment of credit risks, systemic errors when considering projects and solutions.
- 07** The new limits of the credit committees of the branches on self-financing and the limits of the credit committees of the central office have been revised and approved..

Information Security risk management

The Corporation has an Information Security Service (hereinafter referred to as ISS), which is part of the Security Department and reports to the Director of the Department. The activities of the ISS are regulated by the information security policy approved by the decision of the Board of Directors of the Corporation No. 1 dated 30.01.2021.

ISS constantly carries out measures to prevent the leakage of confidential information, improve the protection systems of the Corporation's information system and comply with information security requirements in accordance with the resolutions of the Board of the National Bank of the Republic of Kazakhstan and the recommendations of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. Employees of the Corporation are personally responsible for the safety of confidential information and are obliged to comply with these requirements.

Every year, activities are carried out in accordance with the plan to minimize information security incidents, aimed at reducing the level of information security risks. There is also a system for preventing the leakage of confidential information, which allows you to quickly identify and prevent such cases.

To raise awareness of information security, ISS annually conducts training for employees of the Corporation, and then checks their knowledge of the «Information Security Policy» through testing.

Reputation risk management

Reputational risk management in the Corporation is carried out by organizing effective systems of corporate governance, risk management, internal control and audit. Within the framework of these systems, internal documents are approved aimed at the following:

- Ensuring the effectiveness of the Corporation's activities in accordance with the internal and external environment.
- Ensuring transparency, accountability and a high level of business ethics in the Corporation's relations with stakeholders.
- Increasing public confidence in the Corporation's activities, carrying out high-quality information and explanatory work, interacting with the media and the public.

INTERNAL CONTROL SYSTEM

Internal control is defined as a process that is carried out by the Board of Directors, the Management Board, structural divisions and employees of the Company in order to provide a reasonable guarantee of achieving the

Company's goals. The Company's internal control system is built in accordance with the COSO model «Internal Control - integrated model» and consists of the following interrelated components:



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

The Company's internal control system (hereinafter referred to as ICS) is based on the following basic principles:

THE BASIC PRINCIPLES OF THE ICS

- participation in the internal control process of all structural divisions and employees of the Company, the organization of internal control as a daily activity at all levels of management;
- internal control coverage of all areas of activity and business processes and regulation of internal control procedures in all areas and business processes of the Company;
- implementation of internal control on an ongoing basis (continuity).

An important element of the Company's internal control system is the regulation of business processes. It includes a full description of the process movement by the structural units, a list of results, control points, completion forms, participants and their responsibilities, and other aspects.

Business process owners conduct an annual analysis of internal regulatory documents in order to determine the need for updating, improving internal control, eliminating conflicts of interest (if any), as well as identifying inconsistencies and insufficient regulation/formalization of business processes. After that, an action plan for updating internal regulatory documents is approved.

Compliance control is provided for the management of internal control in the Corporation. It is aimed at ensuring compliance with the requirements of the legislation of the Republic of Kazakhstan, the Charter, the Corporate Governance Code and internal regulatory documents.

The Company's internal control system is built in accordance with the **COSO** model «Internal Control - integrated model»

CORPORATE GOVERNANCE

The Corporation considers corporate governance as a means of increasing business efficiency, strengthening reputation and reducing capital raising costs. Corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence.

An effective corporate governance structure implies respect for the rights and interests of all stakeholders and contributes to successful operations, including increasing the value of the Corporation, maintaining financial stability and profitability.

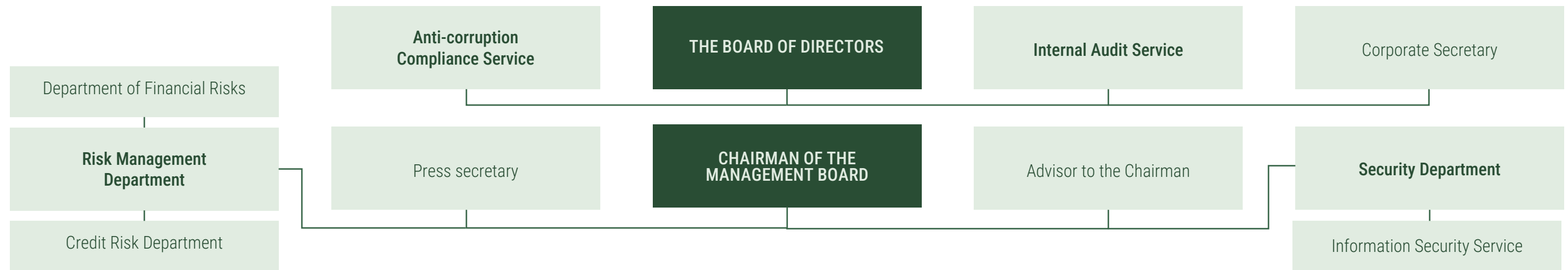
CORPORATE GOVERNANCE SYSTEM

In accordance with the Articles of Association of the Corporation, the governing bodies include:



THE ORGANIZATIONAL STRUCTURE OF THE CENTRAL OFFICE OF THE CORPORATION

The organizational structure of the Corporation was approved at the meeting of the Board of JSC Agrarian Credit Corporation dated April 19, 2023 No. 23.
The staff of the Corporation is 758 units, including 206 staff units in the central office and 552 staff units in branches.



Deputy Chairman of the Management Board	Deputy Chairman of the Management Board, Member of the Management Board	Deputy Chairman of the Management Board, Member of the Management Board	Deputy Chairman of the Management Board, Member of the Management Board	Deputy Chairman of the Management Board, Member of the Management Board	Managing Director	Managing Director
Department of Strategic and Corporate Development	Credit Department	Financial institutions and CT Financing Department	Department loan Administration	Accounting Department Accounting and Reporting	Administrative Department	Legal Department
Strategy and Analysis Department	Credit Department - 1	Monitoring Department	Loan Administration Department	Department of Accounting and Reporting	Purchasing Department	Department of legal support of loan transactions
Consolidated Reporting Department	Credit Department - 2		Subsidizing Department	Department of Accounting for credit operations	Administrative and Economic Department	Department of General Legal Support
Department of Corporate Governance and Work with Subsidiaries	Department of Regional Development		Collateral Department	Budget Planning Department	Department of Human Resources Management	Department of Problematic Projects
Department of Methodology and QMS	Branches - 19		Secretary of the Credit Committee	Treasury Department		Debt Collection Department
Department of Industry Expertise			Managing Director	Budget Attraction Department		Department of Claim and Claim Work
			Department of Information and Communication Technologies Development			
			Department of Digitalization			

COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

6 principles of the Corporate Governance Code

The Report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of the Corporation for 2022 was approved by the decision of the Board of Directors dated May 3, 2023 (Protocol No. 4) and confirms the Corporation's compliance with the 6 fundamental principles of the Corporate Governance Code of the Corporation:

- 01 The principle of protecting the rights and interests of the Sole Shareholder – the Corporation ensures the protection and respect of the rights and legitimate interests of the Sole Shareholder and contributes to the effective operation of the Corporation, including achieving the strategic goals of the Corporation and maintaining the financial stability of the Corporation;
- 02 The principle of effective management of the Board of Directors and the Corporation – the activities of the Board of Directors are based on the principles of maximum observance and realization of the interests of the Sole Shareholder and the Corporation, reasonableness, efficiency, activity, integrity, honesty, accuracy and responsibility within its competence. The Management Board manages the current activities of the Corporation in order to fulfill the tasks and implement the Development Strategy of the Corporation. The main principles of the Board's activities are legality, honesty, integrity, reasonableness, regularity;
- 03 The principle of independent activity of the Corporation – The Corporation carries out its activities independently;
- 04 principles of transparency and objectivity of disclosure of information about the activities of the Corporation – in order to ensure that the Sole Shareholder can make informed decisions, as well as bring information about the Corporation's activities to the attention of interested parties, the Corporation ensures timely disclosure to the Sole Shareholder and interested parties of reliable information about the Corporation, including its financial position, economic indicators, results of its activities, ownership and management structure;
- 05 Principles of legality and ethics – the Corporation operates in strict accordance with the legislation of the Republic of Kazakhstan, generally accepted principles of business ethics, the Charter, the provisions of the Corporate Governance Code and its contractual obligations;

- 06 The principle of responsibility to stakeholders – the Corporation recognizes and respects the rights of all interested parties and strives to cooperate with such persons in order to develop itself and ensure financial stability. Interested parties should be able to receive compensation for violation of their rights in cases provided for by the legislation of the Republic of Kazakhstan. If an interested party participates in the corporate governance process, the latter should have access to substantial, sufficient and reliable information on a timely and regular basis. Interested parties should be able to freely inform the Board of Directors about violations of legislation or internal regulatory documents of the Management Board and their rights should not be infringed in the event of such a report.

SOLE SHAREHOLDER

The sole shareholder of the Corporation is JSC National Managing Holding Baiterek.



The holding is a key operator for the implementation of state programs for the development of the country's economy.

Interaction with the Sole Shareholder is carried out in accordance with the Articles of Association of the Corporation, which enshrines the duties, competence of the Sole Shareholder and the procedure for providing information on activities affecting his interests, as well as interaction with the Corporate Governance Code.

The most significant functions of the Sole Shareholder include approval of the Corporate Governance Code, determination of the composition and term of office of the Board of Directors of the Corporation, approval of the external auditor, and annual financial statements.

THE CORPORATION'S DIVIDEND POLICY

Principles of the Corporation's dividend policy

The Corporation's policy regarding the goals, principles, size, form, timing and procedure for payment of dividends is defined in the Regulations on the Dividend Policy approved by the decision of the Sole Shareholder – the Management Board of Baiterek NMH JSC dated November 10, 2021.

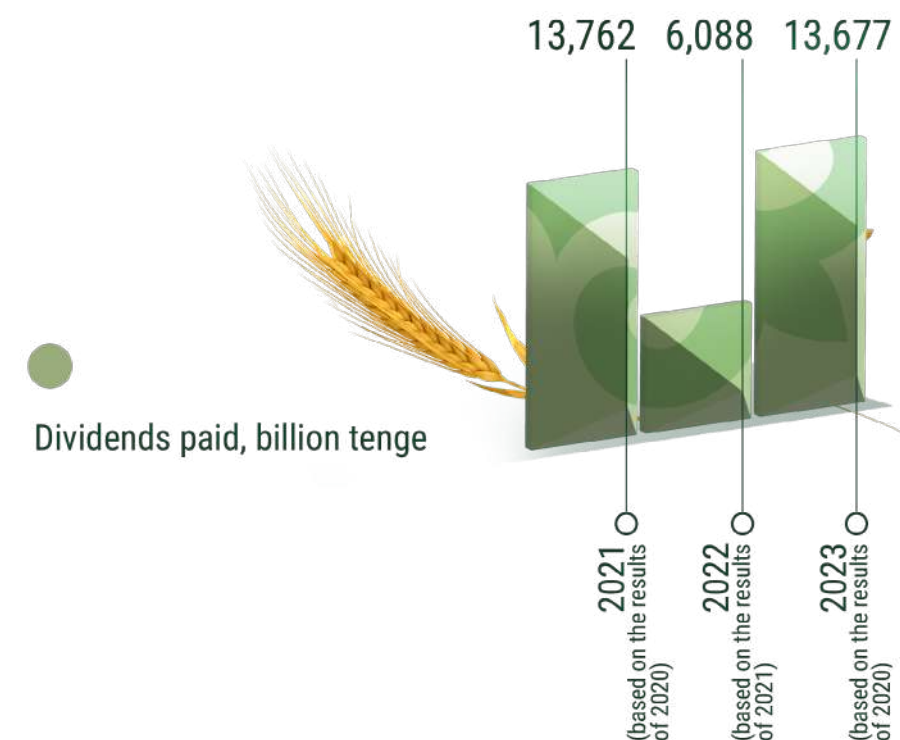
The payment of dividends is carried out taking into account the distribution and reinvestment of the Corporation's net profit on the basis of its approved Development Strategy, as well as received proposals from the Corporation's Board of Directors as part of the work on summarizing their financial and economic activities.

The Corporation's dividend policy is based on the following principles:

- 01 the principle of the need for the Holding to make payments and expenses on behalf of the Sole Shareholder of the Holding and (or) the Government of the Republic of Kazakhstan;
- 02 the principle of the need to ensure financing of the Holding's activities, including financing of new types of activities of investment projects implemented at the expense of the Holding;
- 03 the principle of the need for a Corporation to finance development costs, including its investment activities.

Information on the amount of dividends paid to the Sole Shareholder for 2019-2022 in accordance with the decisions of the Sole Shareholder of the Corporation:

Information on dividends paid over the last 3 years, billion tenge



In 2023, an amount of KZT 13 677 185 054,40 was allocated for the payment of dividends. The amount of dividends for 427 059 079 pieces of common shares amounted to 48,45 tenge per share.

THE BOARD OF DIRECTORS

The Board of Directors of the Corporation is the governing body exercising general management of the Corporation's activities and control over the executive body of the Corporation, with the exception of matters referred by the Law of the Republic of Kazakhstan «On Joint Stock Companies» and/or the Articles of Association of the Corporation to the exclusive competence of the Sole Shareholder of the Corporation. He is also responsible for strategic leadership and monitoring of the implementation of sustainable development, focusing on the following issues:

- Defining the Corporation's development strategy, including directions and results.
- Setting and monitoring key performance indicators of the Development Plan.
- Organization and supervision of the effective functioning of risk management, internal control and corporate governance systems.
- Approval and monitoring of the effective implementation of key strategic projects within the competence of the Board of Directors.
- Election, remuneration, succession planning and supervision of the Management Board.

The Board of Directors of the Corporation carries out its activities in accordance with the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II «On Joint Stock Companies», other regulatory legal acts of the Republic of Kazakhstan, the Articles of Association of the Corporation, the Corporate Governance Code of the Corporation, decisions of the Sole Shareholder and other documents of the Corporation, in order to implement the tasks set in the field of financing of agricultural entities with minimal legal, financial and reputational risks in the interests of the Sole Shareholder represented by the Holding.

The composition of the Board of Directors is balanced in terms of the qualifications of its members, their experience, knowledge and business qualities and enjoys the trust of the Sole Shareholder.

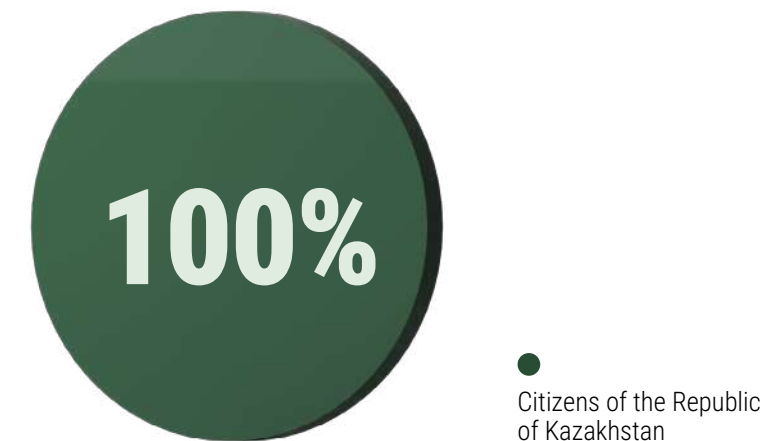
The members of the Board of Directors have an impeccable business reputation, knowledge, skills and experience in the field of agriculture, economics and business management, as well as in law.

As of December 31, 2023, the Board of Directors consists of 7 people, of which 3 members (43%) are independent directors. This helps to ensure the independence of decisions and fair treatment of all stakeholders in accordance with the interests of the Corporation.

The priority criterion for the selection of independent directors is their professionalism and independence to make objective decisions free from the influence of the parties. Independent directors actively share their experience and knowledge to apply the standards of best global practice in the Corporation. They head the Committees of the Board of Directors and bring international management experience. Independent directors actively participate in the discussion of issues where a conflict of interest is possible, such as the preparation of financial and non-financial statements, the conclusion of transactions, the nomination of candidates to the executive body and the determination of remuneration for members of the executive body.

The proportion of Board members hired from the local population is 100%. All members of the Board of Directors are citizens of the Republic of Kazakhstan.

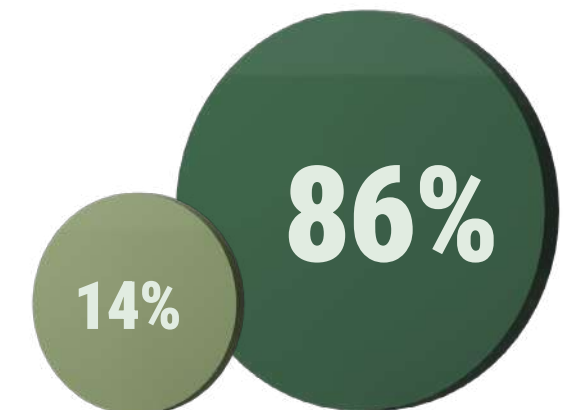
The composition of the Board of Directors, based on nationality



Composition of the Board of Directors by age category

6 out of 7 members of the Board of Directors are in the category from 30 to 50 years old, accounting for 85,7%.

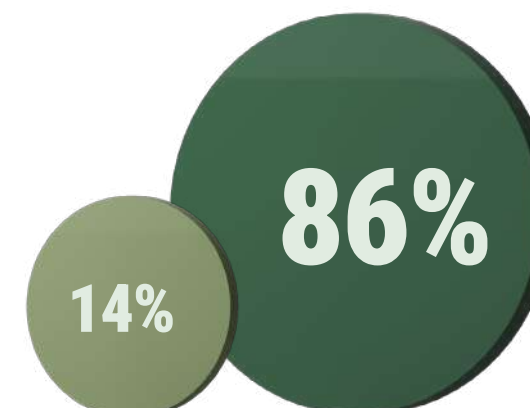
- 30-50 years old
- over 50 years old



Gender composition of the Board of Directors

6 out of 7 members of the Board of Directors are male.

- Males
- Female



CHAIRMAN OF THE BOARD OF DIRECTORS



AIDAPKELOV
Nurbolat Sergalievich

He was born on July 22, 1979.

Education:

In 2000, he graduated from the Kazakh State Academy of Management with a degree in Accounting and Auditing;

In 2002, he graduated from the Kazakh Humanitarian Law University with a degree in jurisprudence, was awarded the qualification «lawyer».

On February 1, 2022, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, he was elected as a member of the Board of Directors, Chairman of the Board of Directors – representative of the Sole Shareholder of JSC Agrarian Credit Corporation.

Other positions held:

First Deputy Chairman of the Board of the National Managing Holding Baiterek JSC;

Chairman of the Board of Directors of KazAgroFinance JSC;

A member of the Board of Directors of Development Bank of Kazakhstan JSC is a representative of the Sole Shareholder of Development Bank of Kazakhstan JSC.

Information about employment:

From May 2016 to October 2020 – Chairman of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan;

From October 2020 to January 2022 – Head of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan;

From January 2022 to the present, First Deputy Chairman of the Board of the Baiterek National Managing Holding JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

A MEMBER OF THE BOARD OF DIRECTORS IS A REPRESENTATIVE OF THE SOLE SHAREHOLDER



SON
Vyacheslav Vladimirovich

Born on January 14, 1982.

Education:

In 2002, he graduated from the Kazakh Humanitarian Law University, qualified as a Lawyer;

In 2002, he graduated from the Modern University of the Humanities, was awarded the qualification «Linguistics»;

In 2008, he graduated from the University of International Business, was awarded the qualification «Finance and Credit»;

He graduated from the University of London with a Master of Laws (LLM) in Commercial and Corporate Law (Great Britain).

On February 23, 2022, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, he was elected as a member of the Board of Directors – a representative of the Sole Shareholder of JSC Agrarian Credit Corporation.

Other positions held:

Deputy Chairman of the Board of the Baiterek National Managing Holding JSC;

Since February 16, 2022, a member of the Board of Directors is a representative of the Sole Shareholder of Kazakhstan Housing Company JSC;

Since April 22, 2022, he has been re-elected as a member of the Board of Directors - a representative of the Sole Shareholder of Qazaqstan Investment Corporation JSC.

Information about employment:

From 2009 to 2012 – Managing Director of National Mining Company Tau-Ken Samruk JSC;

From 2012 to 2013 – Chief of Staff, Deputy General Director of RSE «Kazspetsexport» of the Ministry of Defense of the Republic of Kazakhstan;

From 2013 to 2017 – Director of the Audit and Control Department of Baiterek National Managing Holding JSC;

From January 2017 to 2023 – Managing Director of Baiterek National Managing Holding JSC.

From November 2023 to the present, Deputy Chairman of the Board of the National Managing Holding Baiterek JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

MEMBER OF THE BOARD OF DIRECTORS – REPRESENTATIVE OF THE SOLE SHAREHOLDER



KOSHKIMBAYEV
Niyaz Zhenisovich

Born on September 5, 1979.

Education:

In 2001, he graduated from Karaganda State Technical University with a degree in Power Supply and Electrification;

In 2002, he graduated from Karaganda State Technical University with a degree in Economics.

On June 30, 2022, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, he was elected as a member of the Board of Directors – representative of the Sole Shareholder of JSC Agrarian Credit Corporation.

Other positions held:

Managing Director of the Baiterek National Managing Holding JSC;

Member of the Board of Directors of KazAgroFinance JSC.

Information about employment:

He worked in manufacturing, in public service in the field of economics and finance.

From 2017 to 2020 – Deputy Chairman of the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan;

From 2020 to 2022 – Deputy Head of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan;

Since June 2022, he has been Managing Director of Baiterek National Managing Holding JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

MEMBER OF THE BOARD OF DIRECTORS - INDEPENDENT DIRECTOR



BIRTANOV
Yeszhan Amantayevich

Born on July 1, 1975.

Education:

From 1992 to 1993, he studied at the University of Ankara, Turkey, majoring in Turkish Language and Literature;

In 1997, he graduated from Al-Farabi Kazakh National University, majoring in Economics and Management;

In 1998, he graduated from the Master's degree program of the Al-Farabi Kazakh National University, majoring in Economics and Management (Master's degree);

In 2002, he graduated from Turan University with a degree in Law;

In 2002, he graduated from the graduate school of the Al-Farabi Kazakh National University (postgraduate student);

In January-September 2014, he took advanced training courses at the Lomonosov Moscow State University, specializing in Management Management.

On July 20, 2022, by the Decision of the Sole Shareholder of Agrarian Credit Corporation JSC, he was elected as a member of the Board of Directors – an independent director of Agrarian Credit Corporation JSC.

Other positions held:

From April 2022 to the present – member of the Board of Directors, Independent Director of JSC IC Freedom Finance Insurance;

From April 2022 to the present – member of the Board of Directors, Independent Director of JSC IC Freedom Finance Life.

Information about employment:

He held senior positions in the field of regulation and provision of financial services.

From 2016 to 2017 – Member of the Board of Directors, Chairman of the Management Board of JSC National Investment Corporation of the National Bank of the Kyrgyz Republic;

From 2018 to 2019 – Managing Director of JSC National Managing Holding Baiterek;

From 2019 to 2021 – Deputy Chairman of the National Bank of the Republic of Kazakhstan;

From 2021 to 2022 – Deputy Chairman – Head of the Permanent Representative Office of the National Bank of the Republic of Kazakhstan in Almaty.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

MEMBER OF THE BOARD OF DIRECTORS - INDEPENDENT DIRECTOR



TULESHOV
Yahia Zhanabaevich

Born on January 1, 1974.

Education:

In 1996, he graduated from Al-Farabi Kazakh National University, majoring in Mechanics and Applied Mathematics (specialist);

He studied at the Stanford Center for Professional Training at Stanford University, under the IPS program and professional training focused on advanced project management.

On July 20, 2022, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, he was elected as a member of the Board of Directors – an independent director of JSC Agrarian Credit Corporation.

Other positions held:

Chairman of the Management Board of Electronic Financial Center JSC.

Information about employment:

He has worked in senior positions in the field of financial services regulation.

From 2016 to 2017 – Head of Service Solutions at Samruk Kazyna Business Service LLP;

From 2019 to 2020 – Project Manager and Advisor to the Chairman of the Board of Kazakh Invest LLP;

From 2020 to 2021 – Managing Director, Member of the Board of Electronic Financial Center JSC;

From January to April 2022 – Acting Director of the Department of Financial Technologies of the National Bank of the Republic of Kazakhstan;

From June 2022 to the present – Deputy Chairman of the Management Board for Production Issues of Electronic Financial Center JSC.

From September 2023 to the present - Chairman of the Management Board of Electronic Financial Center JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

MEMBER OF THE BOARD OF DIRECTORS - INDEPENDENT DIRECTOR (until November 14, 2023)



MADIEV
Sergean Nurakhanovich

Born on January 23, 1983.

Education:

From 2001 to 2002, he studied at the University of Wisconsin, USA, majoring in Money and Banking;

In 2005 he graduated from the Eurasian National University with a degree in International Finance (diploma with honors);

From 2006 to 2007 he studied at Warwick Business School, Great Britain with a degree in Finance (Master's degree);

Certified Financial Analyst (2011-2013, CFA charterholder).

On April 26, 2022, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, he was elected as a member of the Board of Directors – an independent director of JSC Agrarian Credit Corporation.

Other positions held:

Member of the Board of Directors - Independent Director of KazAgroFinance JSC.

Information about employment:

He worked in the banking and quasi-public sector.

From 2014 to 2016 - Managing Director of Baiterek National Managing Holding JSC;

From 2016 to 2018 - Chairman of the Management Board, Member of the Board of Directors of Institute of Economic Research JSC;

From 2018 to the present, Deputy General Director for Finance of Documentolog LLP; founder, Director of the Private Company Smart Capital Management.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

MEMBER OF THE BOARD OF DIRECTORS - INDEPENDENT DIRECTOR (since December 15, 2023)



JAYLAUBEKOVA
Aigul Akeshaevna

Born on May 22, 1971.

Education:

1988-1993, Al-Farabi Kazakh State University, Almaty, Faculty of Economics and Philosophy, Department of Sociology (diploma with honors);

1994-1995, Lancaster Management School, Lancaster University (Lancaster University, UK), Master of Arts in Organizational Analysis and Behavior - Master of Science degree in Organizational Analysis and Behavior;

1998-2003, a number of banking courses for ING Bank employees (Netherlands, Austria, Hungary).

2006, Alpha Banking course INSEAD Business School (France);

2008-2010, a number of banking courses for Citibank employees (UK, USA, Russia);

2011-2014, a number of banking courses for HSBC employees (UK, France, USA).

On December 15, 2023, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, she was elected as a member of the Board of Directors – an independent director of JSC Agrarian Credit Corporation.

Other positions held:

From September 2020 to the present – Member of the Board of Directors, Independent Director of JSC Industrial Development Fund;

Since September 2021, Global University Systems Holding B.V. Non-Executive Director - Member of the Board of Directors (Amsterdam, Netherlands).

Information about employment:

She started her banking career at the head offices of international banks MeesPierson and ING in the Netherlands. She has held senior positions in the provision of financial services in subsidiaries of major foreign institutions and in Kazakhstani banks.

2007 – 2011 – Citibank Kazakhstan Head of Global Banking, since 2008 Deputy Chairman of the Management Board;

2011-2015 – HSBC Bank Kazakhstan (since December 2014 Altyn Bank JSC) Deputy Chairman of the Management Board;

2015-2016 – Kazkommertsbank JSC Managing Director - Member of the Management Board;

2016-2018 – Tsesnabank JSC Deputy Chairman of the Management Board;

From 2019 to the present – InnoVision Management Consultancy LLP partner;

From 2020 to the present – Industrial Development Fund JSC Independent Director – member of the Board of Directors;

From 2021 to the present – Global University Systems Holding B.V. Non-Executive Director – Member of the Board of Directors (Amsterdam, Netherlands).

She does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

MEMBER OF THE BOARD OF DIRECTORS – CHAIRMAN OF THE MANAGEMENT BOARD OF JSC AGRARIAN CREDIT CORPORATION



ASHIRBEKOV
Almat Burkutbayevich

Born on September 10, 1986.

Education:

In 2008, he graduated from L.N. Gumilyov Eurasian National University with a Bachelor's degree in Finance;

In 2020, he graduated from the Moscow Financial and Industrial University «Synergy» with a Master of Business Administration (MBA) degree in Strategic Management.

On January 31, 2022, by the Decision of the Sole Shareholder of JSC Agrarian Credit Corporation, he was elected Chairman of the Board of the Joint-Stock Company Agrarian Credit Corporation and a member of the Board of Directors of JSC Agrarian Credit Corporation.

Other positions held:

Chairman of the Management Board of Agrarian Credit Corporation JSC.

Information about employment:

From 2017 to 2019 – Director of the Department of Rehabilitation and Problem Projects of KazAgroFinance JSC;

From 2019 to 2021 – Managing Director – Member of the Management Board of KazAgroFinance JSC;

From 2021 to 2022 – Deputy Chairman of the Board of KazAgroFinance JSC;

Since January 31, 2022 – Chairman of the Management Board of JSC Agrarian Credit Corporation.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

Appointment and selection

In accordance with subparagraph 8) of paragraph 27 of the Charter of Agrarian Credit Corporation JSC, issues related to determining the quantitative composition and term of office of the Board of Directors, electing its members, early termination of their powers, as well as determining the amount and conditions of payment of remuneration and compensation of expenses to members of the Board of Directors for the performance of their duties, belong to the exclusive competence of the Sole Shareholder.

According to the Regulations on the Board of Directors of JSC Agrarian Credit Corporation, the process of searching and selecting candidates for the Board of Directors is carried out by the Sole Shareholder.

During 2023, the following changes occurred in the composition of the Board of Directors of the Corporation.

EXCLUDED

- Madiev S.N., Independent Director, Sole Shareholder's Decision No. 43/23 dated 11/14/2023.

ELECTED

- Jaylaubekova A.A., Independent Director, Sole Shareholder's Decision No. 51/23 dated 12/15/2023.

Committees of the Board of Directors

01

The Committee on Strategic Planning and Corporate Development

was established to enhance the preparation of recommendations to the Board of Directors on the development of priority areas of activity (development), strategic goals (development strategy), corporate development issues, including issues on the development of measures to enhance the effectiveness of the Corporation in the medium and long term, its profitable activities and sustainable development.

Full name	Post
Madiev Serzhan Nurakhanovich (until 14.11.2023) Jaylaubekova Aigul Akshaevna (since 12/15/2023)	Chairman of the Committee
Birtanov Yeszhan Amantayevich	Member of the Committee
Tuleshov Yakhiya Zhanabayevich	Member of the Committee

02

Audit and Risk Committee

The Committee was established in order to improve the efficiency and quality of the work of the Board of Directors of the Corporation by preparing recommendations to the Board of Directors on the establishment of an effective system of control over the financial - the Corporation's business activities (including the completeness and reliability of financial statements), monitoring the reliability and effectiveness of the internal control and risk management system, monitoring the independence of external and internal audit and Compliance Services for compliance with the legislation of the Republic of Kazakhstan, internal documents, as well as to prepare recommendations to the Board of Directors of the Corporation on the development of priority issues areas of activity (development) and functioning of an adequate risk management system in the Corporation, improving and strengthening the risk management system.

Full name	Post
Birtanov Yeszhan Amantayevich	Chairman of the Committee
Tuleshov Yakhiya Zhanabayevich	Member of the Committee
Madiev Serzhan Nurakhanovich (until 14.11.2023) Jaylaubekova Aigul Akshaevna (since 12/15/2023)	Member of the Committee

03

HR, Remuneration and Social Affairs Committee

The Committee was established to improve the efficiency and quality of the work of the Board of Directors through in-depth study and monitoring of issues within the competence of the Board of Directors in the field of personnel policy, appointment and remuneration systems, as well as evaluating the activities of the members of the Board of Directors of the Corporation, members of the Board of Directors of the Corporation, succession planning of the Chairman and members of the Board of Directors of the Corporation and performance evaluation corporate secretary.

Full name	Post
Tuleshov Yakhiya Zhanabayevich	Chairman of the Committee
Madiiev Serzhan Nurakhanovich (until 14.11.2023) Jaylaubekova Aigul Akeshaevna (since 12/15/2023)	Member of the Committee
Birtanov Yeszhan Amantayevich	Member of the Committee

The work of the Board of Directors and its Committees

The activities of the Board of Directors are based on the principles of professionalism, reasonableness and prudence, honesty and objectivity, and the principle of protecting the rights of the Sole Shareholder.

Number of meetings of the Board of Directors and its Committees held

In total,
14
meetings of the Board of Directors were held

In total, 14 meetings of the Board of Directors were held, which were attended by members of the Board of Directors. An incomplete number of members of the Board of Directors took part in four meetings (6 out of 7) due to the absence of one of the members who was on work leave. However, despite this, the quorum was observed, which made it possible to make decisions and hold the necessary discussions. There were also 30 meetings of the Committees of the Board of Directors.

Issues considered by the Board of Directors (total 109 issues)



- The Board of Directors: Election of the Chairman of the Board of Directors, approval of Internal Regulatory Documents on the activities of the Board of Directors and its Committees
- Management Board: the composition of the Management Board, evaluation of the activities of the Management Board, etc.
- Services and units accountable to the Board of Directors: questions on the activities of the Internal Audit Service, Compliance Service, Corporate Secretary Service
- Other issues related to the Corporation's activities

Evaluation of the activities of the Board of Directors

The Board of Directors of the Corporation and its Committees are evaluated annually. In 2023, the assessment of the activity was carried out by internal forces through an anonymous questionnaire. The effectiveness of the work of the Board of Directors and its members is evaluated positively.

Remuneration of members of the Board of Directors

Remuneration of members of the Board of Directors of the Corporation is established in accordance with internal regulatory documents, while taking into account the expected positive effect for the Corporation from the participation of this person in the Board of Directors. Remuneration is paid to independent directors on the basis of a decision of the Sole Shareholder of the Corporation, unless otherwise provided by law, regulatory documents of the Corporation and those organizations in which they work. The Chairman of the Management Board of the Corporation does not receive remuneration for participation in the work of the Board of Directors. The amount of the fixed annual remuneration is determined by the decision of the Sole Shareholder.

Remuneration is not paid in the event of an established fact of damage to the Corporation caused by a decision of the Board of Directors, for which, among other things, an independent director voted.

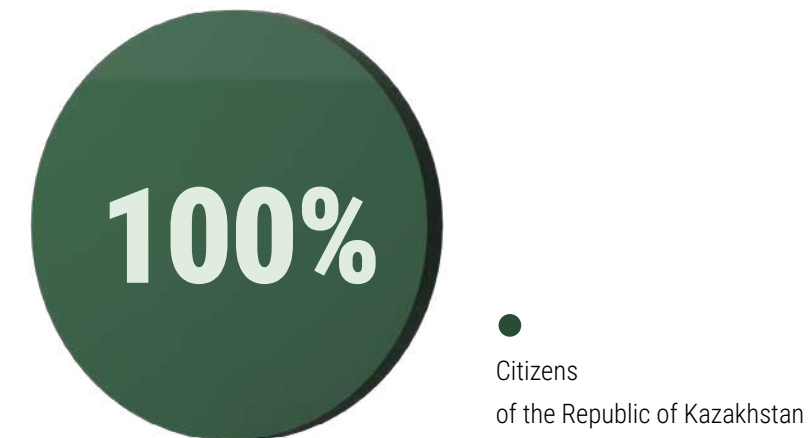
GOVERNANCE

In accordance with the Charter of Agrarian Credit Corporation JSC, the Management Board is the executive body responsible for managing the current activities of the Corporation and acts solely in the interests of the Corporation and the Sole Shareholder.

The Management Board has the right to make decisions on any issues of the Corporation's activities that are not attributed by the regulatory legal acts of the Republic of Kazakhstan and the Articles of Association of the Corporation to the competence of other bodies, including on issues attributed by the legislation and the Articles of Association of the Corporation to its competence.

The share of Board members hired from the local population is 100%. All Board members are citizens of the Republic of Kazakhstan.

The composition of the Board, based on citizenship



As of December 31, 2023,

5 out of 5

management Board members are men and fall into the 30-50 age category, accounting for 100%

The composition of the Board by gender



● Males

The composition of the Board by age category



● 30-50 years old

The composition of the Management Board for the period from 01.01.2023 to 12/31/2023

№	Full name of the Board member	Date of joining the Management Board	Post	Date of resignation from the Board	Number and date of the election decision
1	Ashirbekov A.B.	01/31/2022	Chairman of the Management Board		Decision of the Board of NMH Baiterek JSC dated January 28, 2022 No. 05/22
2	Sapulatov K.K.	02/16/2022	Deputy Chairman of the Management Board, Member of the Management Board		Decision of the Board of Directors of Agrarian Credit Corporation JSC No. 3 dated February 15, 2022
3	Tyulegenov R.K.	02/16/2022	Deputy Chairman of the Management Board, Member of the Management Board	Decision of the Board of Directors of the Corporation dated January 30, 2024 No. 1 on early termination of powers from December 19, 2023	Decision of the Board of Directors of Agrarian Credit Corporation JSC No. 3 dated February 15, 2022
4	Nabiev M.E.	11/28/2022	Deputy Chairman of the Management Board, Member of the Management Board		Decision of the in-person meeting of the Board of Directors of ACC JSC No. 19 dated November 28, 2022
5	Iskakov M.K.	01/31/2023	Deputy Chairman of the Management Board, Member of the Management Board		Decision of the Board of Directors of ACC JSC No. 1 dated January 31, 2023
6	Doskaraev A.E.	02/13/2023	Deputy Chairman of the Management Board, Member of the Management Board		Decision of the Board of Directors of ACC JSC No. 1 dated January 31, 2023

The Management Board is headed by the Chairman of the Management Board.

As of December 31, 2023, the Management Board of the Corporation consists of 5 members:

CHAIRMAN OF THE MANAGEMENT BOARD



**ASHIRBEKOV
Almat Burkutbayevich**

Born on September 10, 1986.

Education:

In 2008, he graduated from L.N. Gumilyov Eurasian National University with a Bachelor's degree in Finance;

In 2020, he graduated from the Moscow Financial and Industrial University «Synergy» with a Master of Business Administration (MBA) degree in Strategic Management.

On January 28, 2022, by the decision of the Board of Baiterek NMH JSC No. 05/22, from January 31, 2022, he was elected Chairman of the Board of JSC Agrarian Credit Corporation and a member of the Board of Directors of JSC Agrarian Credit Corporation.

Information about employment:

From 02/21/2017 to 07/30/2019 – Director of the Department of Rehabilitation and Problem Projects of KazAgroFinance JSC;

From 07/31/2019 to 30.06.2021 – Managing Director – Member of the Management Board of KazAgroFinance JSC;

From 07/01/2021 to 01/28/2022 – Deputy Chairman of the Board of KazAgroFinance JSC;

From January 2022 to the present, Chairman of the Management Board of Agrarian Credit Corporation JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.



SAPULATOV
Kairat Kaertarovich

Born on August 12, 1984.

Education:

In 2005, he graduated from the North Kazakhstan State University named after M. Kozybaev, Petropavlovsk. Majoring in Finance and Credit (diploma with honors).

On February 15, 2022, by decision of the Board of Directors of Agrarian Credit Corporation JSC No. 3, he was elected Deputy Chairman of the Management Board - member of the Management Board of Agrarian Credit Corporation JSC from February 16, 2022.

Information about employment:

From 2009 to 2018, he worked in various senior positions in the structure of KazAgro National Managing Holding JSC;

From 2018 to 2019 – Chairman of the Management Board of KazAgroProduct JSC;

From 2019 to 2020 - Executive Director of Kazakhstan Center for Public-Private Partnership JSC;

From 2020 to 2021 - Managing Director – Member of the Board of Kazakhstan Center for Public-Private Partnership JSC;

From February 2022 to the present, Deputy Chairman of the Board of Agrarian Credit Corporation JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.



DOSKARAEV
Aidyn Edilkhanovich

Born on September 13, 1979.

Education:

In 2000, he graduated from the Kazakh State Academy of Management (Almaty) with a degree in Finance and Credit. Organization of banking business.

On January 31, 2023, by decision of the Board of Directors of Agrarian Credit Corporation JSC No. 1, he was elected Deputy Chairman of the Management Board - member of the Management Board of Agrarian Credit Corporation JSC from February 13, 2023.

Information about employment:

He has worked in various positions in the banking sector.

2018 – Director of the Retail Lending Department of Tsesna Bank JSC, Astana;

From 2018 to 2020 – Director of the Small Business Department of Bank CenterCredit JSC, Almaty;

From 2020 to 2023 – Deputy General Director for Investments and Finance of the Cordial Group of Companies;

From February 2023 to the present, Deputy Chairman of the Board of Agrarian Credit Corporation JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.



ISKAKOV
Murat Kuanyshbaevich

He was born on January 1, 1984.

Education:

In 2005, he graduated from Al-Farabi Kazakh State National University (Almaty) with a degree in International Relations;

In 2008, he graduated from the Kazakh State Law University (Almaty) with a degree in Jurisprudence;

In 2011, he graduated from the Kazakh State University of Economics, Finance and International Trade (Almaty) with a degree in «Master of Economics».

On January 31, 2023, by decision of the Board of Directors of JSC Agrarian Credit Corporation No. 1, he was elected Deputy Chairman of the Management Board - a member of the Management Board of JSC Agrarian Credit Corporation.

Information about employment:

He worked in quasi-governmental structures and the structure of the KazAgro National Managing Holding JSC.

From 2016 to 2021 - Managing Director, Member of the Board of Fund for Financial Support of Agriculture JSC.

From 2021 to 2022 – Director of the Department of Strategy and Corporate Development of Agrarian Credit Corporation JSC.

In accordance with the decision of the Board of Directors of Agrarian Credit Corporation JSC No. 1 dated January 31, 2023 - Deputy Chairman of the Management Board, Member of the Management Board of JSC Agrarian Credit Corporation. From February 2023 to the present, Deputy Chairman of the Board of Agrarian Credit Corporation JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.



NABIYEV
Marlen Erkenovich

Born on August 22, 1985.

Education:

In 2006, he graduated from L.N. Gumilev Eurasian National University with a degree in Economics (diploma with honors).

On November 28, 2022, by decision of the Board of Directors of Agrarian Credit Corporation JSC No. 19, he was elected Deputy Chairman of the Management Board - a member of the Management Board of Agrarian Credit Corporation JSC.

Information about employment:

He worked in second-tier banks, the quasi-public sector.

From 2017 to 2018 - Deputy Director of the SME Development Branch of Kazkommertsbank JSC;

From 2018 to 2019 – SME development expert of KarTel LLP (Beeline Kazakhstan);

From 2019 to 2020 – Director of the branch of Agrarian Credit Corporation JSC for East Kazakhstan region;

From 2020 to 2021 – Deputy Chairman of the Board of JSC SEC Pavlodar;

From 2021 to 2022 – work in senior positions in the financial sector;

Since November 2022 – Deputy Chairman of the Board of Agrarian Credit Corporation JSC.

He does not have shares (participation interests) of JSC Agrarian Credit Corporation, affiliated companies, and also does not own shares of suppliers and competitors of JSC Agrarian Credit Corporation.

Report on the activities of the Management Board

The purpose of the Management Board is the effective implementation of the development strategy and development plan of the Corporation.

The main objectives of the Board's activities:

- 01** high-quality and timely execution of decisions of the Sole Shareholder and the Management Board of Directors of the Corporation;
- 02** ensuring compliance of the Corporation's current activities with the goals and objectives of the Corporation's development strategy and development plan;
- 03** effective management of assets, liabilities and capital of the Corporation;
- 04** ensuring the effective functioning of risk management and internal control systems within the competence.

The activities of the Management Board are based on the following principles:

1. Transparency and openness;
2. Responsibility and accountability;
3. Objective allocation of responsibilities;
4. Proper approval and approval of transactions;
5. Complexity and consistency;
6. Continuous development and improvement;
7. Flexibility;
8. Timely identification and response to any significant deficiencies and weaknesses of control;
9. Priority of the Management Board's areas of activity;
10. Manufacturability;
11. Competence of employees;
12. Documentation of procedures;
13. Reliability and completeness of information.

In 2023, 93 Board meetings were held, all of which were held in person. In total, in 2023, the Department considered 403 issues, of which 53 issues were initiated at a meeting of the Management Board of the Corporation, on which decisions were made and instructions were issued.

The main blocks of the issues considered:

- 01** preliminary consideration of issues submitted to the Sole Shareholder and the Board of Directors, with the exception of issues of the internal Audit service, corporate Secretary, anti-corruption compliance service, Ombudsman;
- 02** approval of the annual budget within the framework of the approved development plan;
- 03** approval of the staffing table and organizational structure within the framework of the total number of employees approved by the Board of Directors. At the same time, it is allowed to change the organizational structure no more than once in a calendar year, except in cases of new and (or) abandonment of existing business processes and (or) areas of activity; reorganization, changes made to documents of the state planning system, approval of new state programs or amendments and (or) additions to existing ones state programs;
- 04** managing the current activities of the Corporation, ensuring the implementation of decisions of the Sole Shareholder and the Board of Directors;
- 05** approval of internal documents adopted for the purpose of organizing the activities of the Corporation, with the exception of documents whose approval by the legislation of the Republic of Kazakhstan and (or) the Charter is attributed to the competence of the Sole Shareholder and (or) the Board of Directors;
- 06** approval of the rules on remuneration, remuneration, social support, as well as the salary scheme for employees of the Corporation (with the exception of the Chairman and members of the Management Board, the internal Audit service, the corporate Secretary, the anti-corruption compliance service);
- 07** making a decision to increase the obligations of the Corporation by an amount ranging from two to ten percent of the amount of the Corporation's equity and concluding other transactions, with the exception of transactions attributed by the legislation of the Republic of Kazakhstan and (or) the Charter to the competence of other management bodies;
- 08** making decisions on other issues related to ensuring the activities of the Corporation that do not fall within the exclusive competence of other management bodies and officials of the Corporation.

Remuneration of members of the Management Board

The rules of remuneration, performance evaluation and remuneration of the Corporation's executives are approved by the Corporation's Board of Directors. Remuneration is based on a differentiated individual approach that takes into account the complexity of the work performed and the position held by individuals. Remuneration is paid once a year, and its amount depends on the results of achieving strategic key performance indicators and evaluating their performance by the Board of Directors.

In accordance with the Rules of Remuneration, Performance Evaluation and Remuneration of Senior employees of the Corporation, the basic principles of remuneration of members of the Management Board include the following stages:

- 01 Definition of key performance indicators and target values.
- 02 Approval of key performance indicators.
- 03 Calculation and approval of the results of the achieved key performance indicators.

Remuneration of members of the Management Board includes salaries, social security contributions, social tax, contributions to the CSHI and voluntary medical insurance.

CORPORATE COMMITTEES

01

Credit committees

The main objectives of the Committee are: effective implementation of the Corporation's credit policy, ensuring a balanced ratio of risk and profitability of the loan portfolio in accordance with compliance and compliance with the requirements of legislation and internal documents of the Corporation.

The main task of the Committee is to conduct a balanced credit policy, control the state of the loan portfolio on the basis of a comprehensive, objective and qualified consideration of lending issues, taking into account the interests of the Corporation.

The Committee is authorized to make decisions on any issues related to the implementation of the Corporation's lending activities within the framework of the Register of Limits of Authority approved by the Management Board of the Corporation, with the exception of issues falling within the competence of the higher bodies of the Corporation.

In order to optimize the credit process, the Corporation has organized the following collegial bodies/officials with individual powers implementing internal credit policy:

- ☞ Large Credit Committee (LCC);
- ☞ Small Credit Committee (SCC);
- ☞ Credit Committee of the Branch (CCB);

Officials with individual powers. The Credit Committee has the following organizational structure:

- ☞ Chairman of the Credit Committee;
- ☞ Members of the Credit Committee;
- ☞ Secretary of the Credit Committee (without the right to vote when making a decision).

The collegial bodies implementing the internal credit policy make decisions in accordance with the limits of their powers.

The work of the credit committees is carried out on an ongoing basis.

02

Risk Committee

The Committee is a permanent collegial, consultative and advisory body under the Management Board, coordinating/organizing the process of functioning of the risk management system. The Committee acts within the powers granted to it by the Board. All decisions taken by the Committee are advisory in nature to the Board.

The Committee is established in order to develop and provide recommendations to the Board on the following issues:

- 01 in-depth study of issues related to the functioning, organization and maintenance of an effective risk management system;
- 02 the development of processes designed to identify, assess, control and monitor risks;
- 03 creation of an integrated risk management process, implementation and development of a risk management culture (risk culture).

The Committee is created by the decision of the Board. The composition of the Committee is determined in the number of 9 (nine) people. The personal composition of the Committee is approved by the order of the Chairman of the Board of the Corporation.

The Committee is headed by a member of the Management Board of the Corporation and includes the following persons:

- ✦ The Chairman of the Committee is the Deputy Chairman of the Management Board, a member of the Management Board coordinating the activities of the Collateral Department;
- ✦ Deputy Chairman of the Committee – Deputy Chairman of the Management Board, member of the Management Board, coordinating the activities of the Lending Department;
- ✦ Members of the Committee: the Managing Director who coordinates the activities of the Digitalization Department and the heads of a number of departments.

In 2023, 4 meetings of the Risk Committee under the Management Board were held, and only 10 issues were considered.

03

Budget Commission

The Budget Commission is a permanent body of the Corporation that coordinates the implementation of the Corporation's budget planning process, created on the basis of an order from the Chairman of the Management Board.

The main objectives of the Budget Commission are to ensure budget planning processes during the development/adjustment of the Corporation's Development Plan, as well as monitoring the implementation of the approved Development Plan.

The main tasks of the Budget Commission are:

- 01 development of proposals for the development/adjustment of the revenue and expenditure parts of the Development Plan;
- 02 submitting/submitting the necessary indicators for consideration, taking into account the set goals, objectives, key performance indicators outlined in the Corporation's Development Strategy and other documents for their application at a certain planning stage;
- 03 review of the results of the development/adjustment of the Corporation's Development Plan before submitting them to the Board for consideration;
- 04 development of proposals for the implementation of the Development Plan for the reporting period;
- 05 review of the results of the monitoring of the Development Plan for the reporting period before submitting them to the Board for consideration.

The Budget Commission is formed by the order of the Chairman of the Management Board.

The composition of the Budget Commission consists of:

- ✦ The Chairman of the Commission;
- ✦ The Deputy Chairman of the Commission;
- ✦ Members of the commission.

In 2023, 5 meetings of the Budget Commission were held.

04

Strategic and Corporate Development Committee

The Committee is a permanent collegial body under the Management Board of the Company. The Committee is established on the basis of a decision of the Management Board and is directly accountable to the Management Board of the Company.

The main objective of the Committee is to increase the effectiveness of the implementation of the Development Strategy, improve the corporate governance system and ensure sustainable development in the activities of the Company and its subsidiaries.

To ensure that its main objective is achieved, the Committee considers the following issues:

- 01 development of proposals/recommendations for approving/changing the Development Strategy of subsidiaries, planned measures to achieve key performance indicators of subsidiaries for the reporting year;
- 02 monitoring the implementation of the strategic efficiency of subsidiaries, making recommendations to the relevant bodies of the Company /subsidiaries;
- 03 development of proposals/recommendations on changing the Corporate Governance Code in subsidiaries;
- 04 development of proposals/recommendations on the form of a report on compliance with the principles of the Corporate Governance Code in subsidiaries;
- 05 development of proposals/recommendations on changing the methodology of corporate governance diagnostics;
- 06 review of the results of diagnostics of corporate governance in subsidiaries;
- 07 consideration of planned/adjustments to the efficiency of members of the Management Board of subsidiaries;
- 08 development of approaches and/or methodological recommendations for the formation of efficiency maps for members of the Management Board of subsidiaries;
- 09 consideration of issues in the field of sustainable development of subsidiaries;
- 10 consideration and development of proposals on approaches to assessing the achievement of the goals of the Development Strategy of subsidiaries;
- 11 consideration and development of recommendations on performance reports and planned measures to achieve the efficiency of subsidiaries for the year on the basis of an audit review, audited financial statements (respectively), as well as on the results of performance of efficiency for the reporting financial year to assess the activities of members of the executive body of subsidiaries;

- 12 consideration and development of recommendations on improving the efficiency of subsidiaries, evaluating the effectiveness of subsidiaries.

The Committee is created by the decision of the Management Board of the Company. The Committee must consist of at least six (6) people.

The Chairman of the Committee is the Deputy Chairman of the Management Board in charge of strategy and corporate development issues or a person authorized to perform his functions. During the absence of the Chairman of the Committee, his functions are performed by the Deputy Chairman of the Committee.

The members of the Committee are:

- ☞ Deputy Chairman of the Management Board in charge of budget planning, treasury, accounting and reporting, or a person authorized to perform his functions - Deputy Chairman of the Committee;
- ☞ The Director of the Department of Strategy and Corporate Development or a person authorized to perform its functions;
- ☞ The Director of the Budget Planning Department or a person authorized to perform its functions;
- ☞ The Director of the Department of Human Resources Management or a person authorized to perform its functions;
- ☞ The Director of the Risk Management Department or a person authorized to perform its functions.

In 2023, 5 meetings of the Committee were held.

05

Liability and Asset Management Committee

The Committee is a permanent collegial body under the Management Board of the Company. The Committee is established on the basis of a decision of the Management Board and is directly accountable to the Management Board of the Company.

The purpose of the Committee's activities is to develop recommendations on improving the efficiency of asset and liability management of the Company/To achieve the principles of diversification of assets and liabilities, optimization of risks (financial, operational, strategic, legal) and ensuring financial stability.

The Committee performs the following functions:

In terms of asset and liability management:

- 01 consideration and development of recommendations on determining the Company's need for liquid funds and liquidity control;
- 02 consideration and development of recommendations on the development and establishment of limits for conducting active operations to manage temporarily free money in the financial market with financial instruments;
- 03 review and develop recommendations on transactions with financial instruments of the Company/subsidiaries;
- 04 consideration and development of recommendations for the purchase/sale of securities;
- 05 consideration and development of recommendations in the selection of financial services of brokers, underwriters, financial consultants and other participants in the securities market within the framework of the placement of the Company's securities;
- 06 consideration and development of recommendations on the structure of the investment portfolio of the Company/subsidiaries;
- 07 consideration and development of recommendations on the terms of financing of borrowers of the Company/subsidiaries (source of funds, nominal interest rate (lending) with pricing calculation, loan term, frequency of repayment of principal debt and remuneration, grace period) and new types of services (operations), in order to maximize income and minimize risks;
- 08 consideration and development of recommendations on the conditions for attracting borrowed funds of the Company/subsidiaries;

- 09 review and monitoring of asset and liability management reports, current and forecast cash flow reports and a report on the structure of the balance sheet of assets and liabilities and other reports provided for by the Risk Management Rules within the competence of the Committee, as well as review and approval of the calculation of the temporary availability of temporarily available money. The frequency of review of reports is indicated in Appendix No. 3 to this Regulation;

- 10 consideration and development of recommendations on the analysis of the financial condition of counterparty banks;

In terms of financial risk management:

- 01 consideration and development of recommendations on setting limits on counterparty banks of the Company/setting limits on counterparty banks in excess of the maximum limit per borrower calculated for the Company's subsidiaries;
- 02 reviewing reports and making recommendations regarding the financial risks of the Company. The frequency of review of reports is indicated in Appendix No. 3 to this Regulation;
- 03 consideration and development of recommendations on the issues of the Company's currency position and conversion operations;
- 04 consideration and development of recommendations regarding transactions with derivative financial instruments of the Company/ subsidiaries;
- 05 consideration and development of recommendations for the development of an action plan in the event of a liquidity crisis of the Company, potential and actual violation of prudential standards;
- 06 consideration of other issues related to the activities of the Company/ subsidiaries on the above issues within its competence.

Regarding the redistribution of resources within the group of the Society:

- 01 consideration of issues and development of recommendations on financing the Company/ Subsidiaries at the expense of financial resources within the Company's group.

The Committee must consist of at least six (6) people.

The Chairman of the Committee is the Deputy Chairman of the Management Board of the Company, a member of the Management Board in charge of financial issues.

The Committee includes the following permanent staff:

- ✦ Director of the Department responsible for strategic planning of the Company – Deputy Chairman of the Committee;
- ✦ the Director of the Department responsible for the implementation of the Company's treasury operations is a member of the Committee;
- ✦ the Director of the Department responsible for the Company's risk management system is a member of the Committee;
- ✦ the Director of the Department responsible for the Company's budget planning is a member of the Committee;
- ✦ the Director of the Company's department responsible for lending is a member of the Committee;
- ✦ the Director of the Company's department responsible for financing financial institutions is a member of the Committee.

In 2023, 24 Committee meetings were held.

SUBSIDIARIES AND AFFILIATES

By the decision of the Board of Directors of JSC National Managing Holding Baiterek dated July 15, 2022 No. 05/22, it was decided to alienate 100% of the common shares of KazAgroFinance JSC owned by Baiterek National Managing Holding JSC in payment for the outstanding common shares of JSC Agrarian Credit Corporation, through the sale of Baiterek National Managing Holding JSC as the Sole Shareholder of Agrarian Credit Corporation JSC, its right of pre-emptive purchase of shares of Agrarian Credit Corporation JSC.

Since July 25, 2022, the Corporation has been the Sole Shareholder of KazAgroFinance JSC with a 100% stake.

KazAgroFinance JSC

Mission:

Technical and technological modernization of the business of the subjects of the agro-industrial complex of the Republic of Kazakhstan.

Vision:

KazAgroFinance JSC is a partner providing comprehensive customer support in the field of agriculture using digital solutions.

Purpose in the industry:

technological renewal of the agro-industrial complex to provide agricultural producers with affordable financial resources for the purchase of agricultural machinery and equipment on a leasing basis.

KazAgroFinance has

15

branches in the cities of Kazakhstan



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

The Company's activity is leasing of agricultural machinery and equipment.

The company is represented by 15 branches in all regions of Kazakhstan.

The company has been successfully operating for over 24 years, contributing to the development of technical equipment in the agricultural sector of the country.

Competitive advantages such as high competence in the industry, long-term experience in the market, a well-developed branch network, strong staff, reliable credit ratings and access to raising funds allow us to maintain a leading position in the leasing market and remain a reliable partner for domestic farmers.

The results of the work of KazAgroFinance JSC for 2023:

By the end of 2023, 7 710 units of equipment were financed in the amount of 178,0 billion tenge (the volume of leasing at the cash desk is 178,8 billion tenge).

There is an increase in financed borrowers from 3 334 to 3 557 agricultural producers and contracts from 5 513 to 6 182.

As part of the purchase in 2023, the transfer of:

- ✦ 191 sowing complexes in the amount of 8,0 billion tenge was carried out;
- ✦ 2 846 tractors worth 63,7 billion tenge;
- ✦ 512 combines worth 55,9 billion tenge;
- ✦ 172 seeders worth 6,5 billion tenge;
- ✦ 3 989 units of other equipment in the amount of 43,9 billion tenge.

By the end of 2023, the KAF received applications in the amount of 217,2 billion tenge (9 151 units), including equipment of Kazakhstani production in the amount of 112,2 billion tenge (4 892 units).

Leasing agreements were concluded in the amount of 178,0 billion tenge (7 710 units of equipment) or 105% of the annual plan, including:

- ✦ spring field work – 102,5 billion tenge (5 060 units of equipment), or 106% of the annual plan;
- ✦ Cleaning – 75,5 billion tenge (2 650 units of equipment) or 103% of the annual plan.

The main achievements of the KAF in 2023:

- 01** Integration with the platform has been made: AITU PASSPORT, A DATA, PKB, TALDAU, B GOV, TELEGRAM.
- 02** BPM certification has been completed - for the subsequent integration of the KAF with government databases.
- 03** A mobile application has been developed through which customers can apply via mobile devices on the KAF online platform.

COMPLIANCE CONTROL

The Corporation highly values its reputation as a reliable and transparent institution for the development of agriculture and understands that customers expect honest, fair and impartial fulfillment of the tasks set by the Corporation and the implementation of public policy. To this end, the Corporation has established an Anti-Corruption Compliance Service, which ensures control over the Corporation's compliance with the legislation of the Republic of Kazakhstan, anti-corruption standards, internal and external rules, procedures, basic moral and ethical principles of doing business and corporate governance system.

As part of the implementation of the requirements of the legislation of the Republic of Kazakhstan on combating corruption, a number of internal regulatory documents have been developed regulating the activities of the Corporation:

- ✦ Anti-Corruption Policy;
- ✦ Violation Notification Policy;
- ✦ Compliance policy;
- ✦ Anti-corruption standards;

- ✦ Rules of internal control in order to counteract the legalization (laundering) of proceeds from crime and the financing of terrorism;
- ✦ Compliance risk management procedure.

The main functions of Anti-Corruption compliance control are: prevention and counteraction to the legalization (laundering) of income obtained through illegal financing of terrorism, as well as the identification and prevention of corruption; effective resolution of conflicts of interest; control over compliance by employees of the Corporation with the requirements of professional ethics. In order to define procedures for the prevention and regulation of corporate conflicts and conflicts of interest, to ensure timely identification of the causes and prevention and resolution of conflicts of interest, as well as to coordinate the actions of all bodies of the Corporation, the Rules for the Settlement of Corporate Conflicts and Conflicts of Interest of the Corporation have been approved.

INFORMATION SECURITY

The Corporation has an Information Security Service (hereinafter referred to as ISS), which is part of the Security Department and reports to the Director of the Department. The activities of the ISS are regulated by the Information Security Policy», approved by the decision of the Board of Directors of the Corporation No. 1 dated January 30, 2021.

ISS constantly carries out measures to prevent leakage of confidential information, improve information system protection systems and comply with information security requirements in accordance with the resolutions of the Board of the National Bank of the Republic of Kazakhstan and the recommendations of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. Employees of the Corporation are personally responsible for the safety of confidential information and are obliged to comply with these requirements.

Every year, activities are carried out in accordance with the plan to minimize information security incidents, aimed at reducing the level of information security risks. There is also a system for preventing the leakage of confidential information, which allows you to quickly identify and prevent such cases.

To raise awareness of information security, ISS conducts annual training for employees of the Corporation, and then checks their knowledge of the «Information Security Policy» through testing.

The information system is also constantly monitored in order to prevent unauthorized access to it. Applications for access to the information system are subject to multi-level approval and verification to ensure that such access is necessary and justified.

ANTI-CORRUPTION

The Corporation, as a socially responsible company, strives to build transparency and zero tolerance for corruption. As part of its activities, the Corporation systematically carries out anti-corruption work, including a range of various measures. The Corporation is committed to the principle of the inevitability of punishment for employees, regardless of their position, in case they commit corruption offenses in connection with the performance of their work duties.

In 2023, the Corporation implemented the following anti-corruption measures:

- 01 An internal analysis of corruption risks has been carried out.
- 02 An analysis of the risks of laundering illegally obtained income and financing terrorism has been carried out.
- 03 On October 09, 2023, the Corporation successfully passed the 1st supervisory audit for compliance with the international standard ISO 37001:2016 «Anti-bribery management System».
- 04 On September 26, 2023, a seminar-meeting on the topic was held in the Corporation with the participation of the Agency of the Republic of Kazakhstan for Combating Corruption (prevention service):
- 05 On September 29, 2023, the Corporation held a meeting with the heads of structural divisions of the Central Office and the first heads of branches on the topic: «Compliance with the norms of anti-corruption legislation, as well as internal regulatory documents».
- 06 Anti-corruption monitoring is regularly carried out on a quarterly basis.
- 07 An analysis of the quality of consideration of responses to complaints received from service recipients and other persons is constantly carried out.

THE PROCESSES OF ELIMINATING NEGATIVE CONSEQUENCES

The Corporation categorically excludes the use of repressive measures in response to reports of existing or planned violations and guarantees confidentiality and anonymity. All incoming requests are evaluated according to approved criteria corresponding to each subject of the request.

According to the Rules of Documentation, Document Management and the Use of Electronic Document Management Systems, approved by the decision of the Corporation's Management Board dated July 15, 2022, the accepted documents are preliminarily reviewed by a responsible employee of the Corporation's structural division engaged in office management. Appeals are distributed among the management of the Corporation depending on the addressee of correspondence and, according to the order on the distribution of responsibilities, the expediency of control and deadlines are determined. Appeals from individuals and legal entities, including appeals sent by government agencies, on issues of corruption and fraud, are sent to the structural unit responsible for compliance and control in the Corporation in order to ensure confidentiality.

An appeal that does not contain a signature, the applicant's postal address or does not allow to establish authorship is considered anonymous and is not subject to consideration. However, there are exceptions: if an anonymous appeal contains information about upcoming or committed crimes, a threat to state or public security, as well as when providing documents, including photos and videos, indicating the possible commission of corruption and fraud.

The Corporation takes appropriate corrective measures depending on the adverse impact or the complaint received. The effectiveness of communication channels is assessed by diagnosing corporate culture, including employee engagement and interaction, responsiveness to crisis situations, production efficiency and achievement of strategic corporate development goals.

INTERNAL AUDIT

The annual audit plan is

100%
completed

The Internal Audit Service (hereinafter referred to as the IAS) carries out activities to provide independent and objective guarantees and consultations aimed at improving the work of the Corporation. Internal audit helps to achieve the set goals by using a systematic and consistent approach to evaluating and improving the effectiveness of risk management, control and corporate governance processes.

The IAS ensures the organization and implementation of internal audit in the Corporation, is directly organizationally subordinate and functionally accountable to the Board of Directors. The mission of the IAS is to provide the necessary assistance to the Board of Directors and the Management Board of the Corporation in fulfilling their responsibilities to achieve strategic goals. The planning of internal audit and the priority of audit assignments is carried out on the basis of a risk-based approach.

In 2023, the IAS conducted and accompanied 11 audit assignments. The annual audit plan approved by the Board of Directors on December 27, 2023, is 100% completed. Based on the results of the audit activities carried out in 2023, 83 observations were established, for which 125 recommendations were issued.

The objectives and scope of the audit have been achieved in accordance with the audit assignments, audit programs and internal regulatory documents. All audit assignments were performed in accordance with the International Professional Standards of Internal Audit and the rules of the internal audit organization of the Corporation. Based on the results of the IAS audit activities, appropriate recommendations were developed aimed at improving internal control, risk management and corporate governance systems, and plans for corrective/preventive actions to eliminate detected violations were developed by the audited entities. The IAS monitors the implementation of recommendations based on the results of internal audit, external audit and external regulatory bodies on a quarterly basis. The consolidated results of the internal audit and information on the implementation of recommendations are reflected in the quarterly and annual reports, which are reviewed and approved by the Board of Directors of the Corporation.

Activities of the Internal Audit Service

In 2022, according to the results of an external assessment of KPMG Taxes and Advisory LLP, the activities of the internal audit service of Agrarian Credit Corporation JSC comply with the definition of internal audit and the Code of Ethics of the Institute of Internal Auditors, as well as the requirements of 94% of Standards.

At the same time, in accordance with the Quality Assessment Manual methodology developed by the Institute of Internal Auditors, the activities of the internal audit service of JSC Agrarian Credit Corporation are analyzed in the context of four segments:

Organization of internal audit – 92%.

Within the framework of this segment, the compliance of the activities of the internal audit service with the requirements of Standards regarding the regulation of the internal audit function, the quality and completeness of relevant documents and procedures was assessed.

Internal audit staff – 88%.

Within the framework of this segment, the compliance of the activities of the internal audit service with the requirements of Standards in terms of professionalism and professional attitude to the work of internal auditors was assessed.

Internal Audit Department – 96%.

Within the framework of this segment, the compliance of the activities of the internal audit service with the requirements of Standards in terms of the effectiveness of internal audit management, the contribution of the internal audit service to improving corporate governance, risk management and control processes was assessed.

Internal audit processes – 97%.

Within the framework of this segment, the compliance of the activities of the internal audit service with the requirements of Standards in terms of the effectiveness of audit processes – from the planning stage to the monitoring of recommendations issued.

Organization of internal audit

92%

Internal audit staff

88%

Internal Audit Department

96%

Internal audit processes

97%

Positive observations of the external assessment

The Internal Audit Service helps Agrarian Credit Corporation JSC achieve its goals by using a systematic and consistent approach to evaluating and improving the effectiveness of risk management, internal control, corporate governance, and information technology management.

In its activities, the internal audit service demonstrates a high level of compliance with the requirements of the Standards.

On January 31, 2023, the Board of Directors of the Corporation approved a Report on the results of an external assessment of KPMG Taxes and Advisory LLP, the activities of the internal audit service of Agrarian Credit Corporation JSC and a Plan of corrective and/or preventive actions. The action plan for the development and improvement of the IAS activities for 2022 has been fully implemented. Automation of internal audit processes has been implemented. The SimBase4 application has an interface for «Automation of the PKD process».

In accordance with the annual audit plan and the budget of the IAS for 2023, in order to improve the skills of employees of the Service, they were trained in the training course «Manager/Internal auditor of the anti-corruption management system according to ISO 37001». As a result of the training, exams were successfully passed and relevant certificates were obtained according to ISO 37001:2016 «Anti-bribery management System».

In 2023, in accordance with the requirements of the Rules for Internal Audit Organizations in JSC Agrarian Credit Corporation, approved by the decision of the Board of Directors, an internal self-assessment of the current state of the IAS was conducted, according to the results, the rating was assigned «fully compliant». The final average score was 3,97 out of 4 possible points. Also, according to the results of the assessment of the quality of IAS activities for 2023 by the Audit Committee of the Board of Directors, IAS activities were assessed as «appropriate», the average score was 3,79 out of 4 possible.

EXTERNAL AUDIT

Audit of the financial institution. The reporting for 2023 was conducted by



To verify and confirm the reliability of financial statements and assess the risk management and internal control system, the Corporation engages an independent external auditor who provides an objective opinion to interested parties on the reliability of financial statements and their compliance with the requirements of International Financial Reporting Standards based on competitive selection.

The Corporation has a Policy of organizing an external audit in the joint-stock company «Agrarian Credit Corporation» approved by the decision of the Board of Directors of JSC «Agrarian Credit Corporation» No. 3 dated February 15, 2022.

The determination, in accordance with the established procedure, of the auditing organization that performs the audit of financial statements belongs to the exclusive competence of the Sole Shareholder of the Corporation.

The Corporation entered into contractual relations with KPMG Audit LLP to conduct an audit of financial statements for 2022-2023 on the basis of the concluded agreement No.010340000953E2112034/00 dated December 30, 2021.

The procedures and rules for maintaining the independence of the external auditor are prescribed in the internal regulatory document of the Corporation «Policy of organizing External Audit in JSC Agrarian Credit Corporation».

The audit of the Corporation's financial statements for 2023 was conducted by KPMG Audit LLP.

Former employees of audit organizations that audited the financial statements of the Corporation were not employed by the Corporation.

Details of the foreign auditor: KPMG audit LLP, Kazakhstan, Almaty, Medeu district, PR. Dostyk, 180, BC «Koktem», bin: 930840000232 BIC: VTBAKZKZ IIC: KZ1043222203398A00818, JSC VTB Bank (Kazakhstan) en/ until JSC «VTB Bank» KBE 17.

SUSTAINABLE DEVELOPMENT

According to the definition of the Food and Agriculture Organization of the United Nations (FAO), agribusiness is considered as «a collective entrepreneurial activity that is carried out from farm to fork». In other words, it covers the entire production chain from the farmer to the consumer, creating an extensive structure of stakeholders.

Since the second half of 2023, the Corporation has been a member of the International ESG club

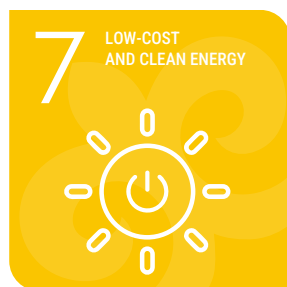
Therefore, analyzing direct economic indicators such as profit margins, diversification of production and productivity growth, within the framework of the sustainable development report, it is also important to assess the indirect impact of the company's activities on the socio-economic development of the regions as a whole, taking into account factors of food and environmental safety, as well as the impact on the local population and natural resources, such as land, water, bioresources, etc.

As part of the implementation of the strategy «Kazakhstan – 2050», the task was set to develop a new inspection responsible for the water resources of our country. The agro-industrial complex is undergoing a comprehensive transition to moisture-saving technologies. According to the Development Strategy of Baiterek NMH JSC, established by the Election commission of the Government of the Republic of Kazakhstan dated November 30, 2021 No. 849, it is necessary to give preference to projects that are envisaged by the UN SDGs and have a significant impact on the sustainable socio-economic development of the Republic of Kazakhstan.

In order to consolidate a system that includes security management, taking into account the requirements of the UN Global Compact, the Principles of Responsible Investment of the UN, the Corporation takes into account the following UN Sustainable Development Goals when crediting agribusiness projects:



Goal 6 of the UN SDGs, which aims to ensure the availability and natural use of water resources;



Goal 7 of the UN SDGs, which requires universal access to affordable, reliable, sustainable and affordable energy sources for all, including the use of inexpensive sources of solar, wind, and water energy;



Goal 12 of the UN SDGs, which calls for responsible production and consumption, including the natural use of natural resources such as water and soil, and the prevention of land degradation, improving soil fertility and preventing water scarcity.

Due to the fact that these sustainable development goals are laid down in the documents of the State Planning System (Strategy «Kazakhstan- 2050», Strategy of Baiterek NMH JSC), the Corporation finances agro-industrial complex projects in order to minimize the harmful effects on the environment, environmental and social risks. These projects include the development and implementation of resource-saving technologies, sustainable water use, the introduction of measures to minimize the degradation of agricultural land, the use of organic fertilizers, the use of agrotechnologies in tillage of pasture lands and the creation of new jobs with an increase in rural incomes.

Since the second half of 2023, Agrarian Credit Corporation JSC has been a member of the National ESG Club.

In 2023, amendments and additions were made to the Environmental and Social Policy of the Corporation (Extract from the minutes of the in-person meeting of the Management Board dated August 29, 2023 No. 58). It was supplemented in terms of refusal to provide financing to projects that do not comply with ESG principles, if such grounds are provided for by internal documents of the Corporation, as well as when considering projects, accounting and assessment of environmental and social factors were supplemented with a stage for compliance of the client with the principles of lending.

In December 2023, a new section «Sustainable Development» was created on the corporate website of the Corporation, which contains all information about the activities of Agrarian Credit Corporation JSC for sustainable development.

In addition, the Policy of JSC Agrarian Credit Corporation in the field of «green» financing has now been approved (Extract from the minutes of the in-person meeting of the Board of Directors of the Corporation dated April 30, 2024 No. 5). This Policy is unique for the Corporation, as well as for the Holding's subsidiaries.

The Corporation defines three groups of stakeholders depending on the area of impact:

- 01 area of authority and responsibility (Sole Shareholder, management bodies, management and staff);
- 02 the area of direct impact (government agencies, investors, financial institutions, suppliers, partners, customers, consumers, auditors and consulting organizations);
- 03 the area of indirect impact (population, public organizations, mass media and competitors).

The management of sustainable development in the Corporation is carried out within the framework of the general activity management system and is an integral part of it. The Board of Directors of the Corporation provides strategic guidance and control over the implementation of the principles of sustainable development.

- ✦ The Strategic Planning and Risk Committee is responsible for coordinating sustainable development activities.
- ✦ The Management Board of the Corporation approves an appropriate action plan in the field of sustainable development.

- ✦ The head of the structural division of the Corporation, who oversees the direction of activities in the field of sustainable development, is responsible for ensuring the management of this Policy.
- ✦ The structural divisions of the Corporation implement measures in the field of sustainable development. The heads of the relevant structural divisions bear personal responsibility for the implementation of measures in the field of sustainable development within their competencies. The structural divisions of the Corporation provide information on the results of the implementation of measures in the field of sustainable development, as well as information for inclusion in the annual report and the report on the sustainable development of the Corporation at the request of the structural unit in charge of activities in the field of sustainable development, if necessary, make proposals to improve the activities of the Corporation in this area.

STAKEHOLDERS AND ASPECTS

The Corporation is aware of the importance of its influence on the economy and the environment and strives for the effective implementation of the strategy and/or development plan. It ensures consistency of its economic, environmental and social goals for sustainable development in the long term, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders contributes to the sustainable development of the Corporation.

Three components ensure sustainable development in the Corporation:

Economic:

ensuring financial stability, ensuring the interests of shareholders and investors, improving the efficiency of processes, increasing investments in the creation and development of more advanced technologies, increasing labor productivity;

Environmental:

minimization of impacts on biological and physical natural systems, optimal use of limited resources, application of environmentally friendly, energy- and material-saving technologies, creation of environmentally acceptable products, minimization, recycling and destruction of waste;

Social:

ensuring the principles of social responsibility, including ensuring occupational safety and maintaining employee health, fair remuneration and respect for employee rights, individual staff development, implementation of social programs for staff, creation of new jobs, sponsorship and charity, environmental and educational campaigns.

INTERACTION WITH STAKEHOLDERS

In order to determine the list of stakeholders, the degree of their influence and spheres of influence on interests, the Corporation has developed a Map of the Corporation's stakeholders, which was approved by the decision of the Corporation's Management Board dated November 8, 2021 (Protocol No. 53).

Forms of interaction

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

Areas of interaction

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

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

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

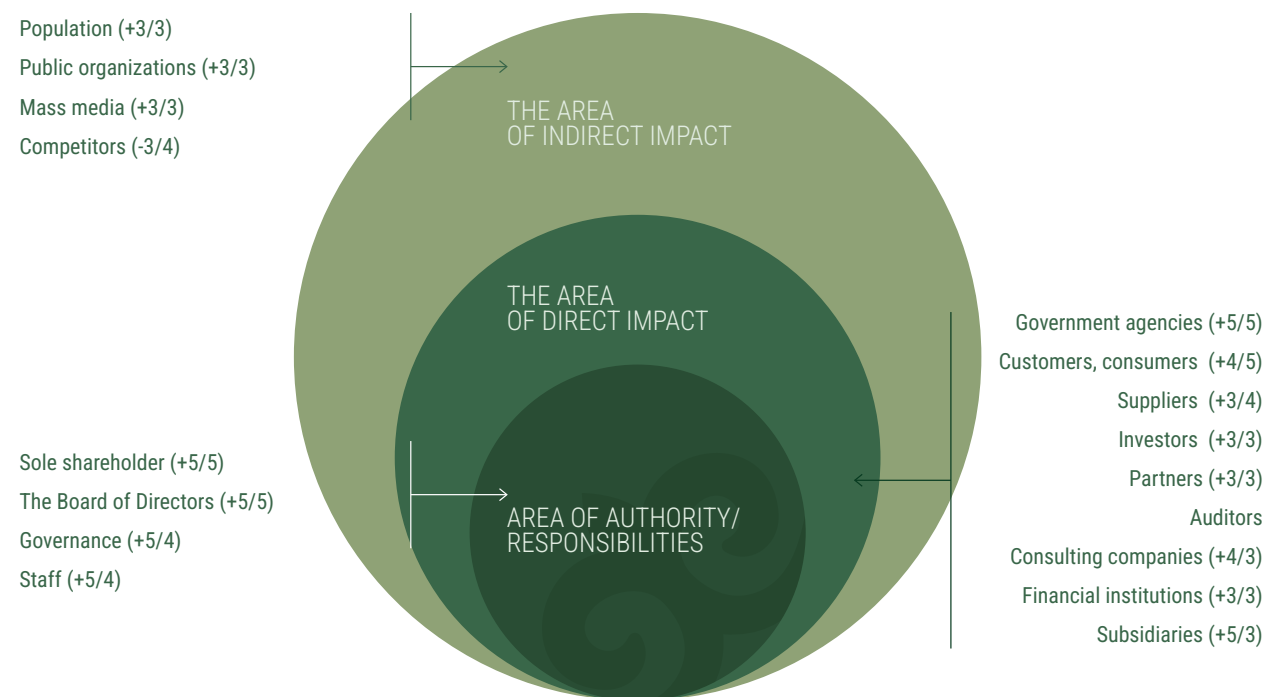
y = 0: 5 in increments of 1 (or smaller) characterizes the degree of influence of the stakeholder on the Corporation.

STRATEGIC DEVELOPMENT	determination of long-term priorities, strategic directions of the Corporation's development through the adoption of state and sectoral development programs, development and approval of strategic documents of the Corporation
OPERATIONAL ACTIVITIES	constant daily activities to manage regular, standard processes in the Corporation
REGULATORY REGULATION	the adoption of regulations directly or indirectly regulating certain aspects of the Corporation's activities
QUALITY OF PROJECT AND/OR BUSINESS PROCESS MANAGEMENT	the degree of competence and efficiency of the Corporation's staff and Management Board in providing project and/or business process management services
OPERATIONAL RESULTS	quantitative indicators of the efficiency of the Corporation's operating activities
REPUTATION	the prevailing public opinion about quality, advantages and disadvantages

Methods of interaction with stakeholders include, but are not limited to the following forms:

The level of interaction	Methods of interaction
Consultations: bilateral interaction, interested parties answer questions	Questionnaires, focus groups, stakeholder meetings, public meetings, seminars, providing feedback through communication tools, advisory councils
Conversation	Collective bargaining based on the principles of social partnership
Engagement: bilateral or multilateral interaction; building experience and knowledge from all sides, stakeholders and organizations act independently	Multilateral forums; consultation panels, consensus-building process, joint decision-making process, focus groups, feedback schemes
Cooperation: bilateral or multilateral cooperation; joint development of experience and knowledge, decision-making and measures	Joint projects, joint ventures, partnerships, joint initiatives of stakeholders
Granting of authority: stakeholders (if applicable) take part in the management	Integrating stakeholder engagement issues into management, strategy and operational activities

A map of stakeholders and the degree of influence on the interests of the Corporation



Effective interaction with stakeholders will allow:

- Combine resources (knowledge, personnel, money and technology) to solve problems and achieve goals;
- to assess the external environment, including the development of markets, as well as identify new strategic opportunities;
- improve business processes;
- to pursue a policy of openness and transparency of activities.

(The strategy of interaction with each stakeholder, as well as the instruments of influence, are determined by the structural divisions of the Corporation independently, depending on the specifics of the activity)

Key aspects and risks in the field of sustainable development for the Corporation

As part of its mission, the Corporation contributes to the sustainable development of the agro-industrial complex of the Republic of Kazakhstan by forming an affordable and effective financing system through the involvement of private financial institutions and improving the competencies of agro-industrial entities.

Based on this, the Corporation has identified its internal and external stakeholders to assess the significance of various aspects of its activities – economic, environmental and social.

In order to build a management system in the field of sustainable development, the Corporation's Sustainable Development Policy was approved by the decision of the Board of Directors of the Corporation No. 12 dated July 29, 2021.

THE ECONOMIC ASPECT

The Corporation plays one of the main roles in the implementation of the State Program for the development of the Agro-industrial complex of the Republic of Kazakhstan for 2017-2021, the Program for the development of productive employment and mass Entrepreneurship for 2017-2021, the National Development Plan of the Republic of Kazakhstan until 2025, the State Program for the Development of the Agro-industrial complex for 2017-2021, the National Project for the development of the agro-industrial complex of the Republic of Kazakhstan for 2021-2025, in particular therefore, the indicators of economic impact are assessed as significant.

Financial results

The growth rate of net profit by the end of 2023 is

51%

By the end of 2023, the Corporation's net profit reached record values of 29 555 142 thousand tenge with an increase rate of 51% (net profit by the end of 2022 amounted to 19 535 328 thousand tenge). This trend is a natural consequence of the competent and balanced implementation of the financial and credit policy of the Corporation, including income management and cost control.

Interest income has become a key factor in increasing the Corporation's profit, increasing from KZT 122 025 131 thousand in 2022 to KZT 151 164 612 thousand by the end of 2023, an increase of 24%.

Interest expenses showed a downward trend, which had a positive effect on the Corporation's net profit, reducing the total cost of borrowed funds. Interest expenses decreased by 16,5% from 76 225 572 thousand tenge in 2022 to 63 675 979 thousand tenge in 2023, which is the result of more favorable loan terms and optimization of the loan portfolio of the Corporation.

The management of operating expenses has improved, which is reflected in the overall control over administrative and other operating expenses.

The return on assets (ROA) for 2023 increased to 2,16% compared to 1,83% in the previous year, indicating a more efficient use of assets to generate profits. Return on equity (ROE) for 2023 also has a positive trend, reaching 6,83% against 5,70% in 2022.

The positive trend in ROA and ROE indicators indicates that the Corporation has not only increased its profitability, but also done so through a more rational use of resources and capital. Such changes had a positive impact on the financial condition of the Corporation and increased its attractiveness for future investments.

The name of the indicator	2021	2022	2023
Income	78 339 453	150 832 566	228 906 556
Expenses	69 644 413	131 297 238	199 351 414
Net profit	8 695 040	19 535 328	29 555 142
RAO	1,28	1,83	2,16
ROE	4,04	5,70	6,83

* according to the consolidated financial statements, in thousands of tenge

Revenue structure for 2023

Indicator	2023, thousand tenge	%
Cash and cash equivalents	17 547 205	10,36%
Loans issued to banks	7 047 156	4,16%
Loans to customers	122 047 616	72,09%
Investment securities	54 833	0,03%
Finance lease receivables	787 076	0,46%
Other income	11 509 399	6,80%
Dividend income	10 309 687	6,09%
Net income from foreign exchange transactions	379	0,0002%
Total income	169 303 351	100,00%

* according to the unconsolidated financial statements, in thousands of tenge

Cost structure for 2023

Indicator	2023, thousand tenge	%
Debt to the Shareholder	7 711 933	4,55%
Debt to the Government of the Republic of Kazakhstan	27 286 933	13,69%
Debt to state and budgetary organizations	17 489 341	8,77%
Funds of credit institutions	8 766 065	6,13%
Debt securities issued	18 752 994	23,16%
Credit loss expense	39 305 353	25,77%
Staff costs	8 623 822	6,31%
Other administrative expenses	5 281 257	3,50%
Net losses resulting from modification of financial assets measured at amortised cost	3 662 934	2,13%
Corporate income tax expenses	11 486 065	5,76%
Total expenses	148 366 697	100,00%

* according to the unconsolidated financial statements, in thousands of tenge

By the end of 2023, the Corporation's assets increased by 5,8% and amounted to 1 072 750 661 thousand tenge. The Corporation's liabilities in the reporting year amounted to KZT 641 158 795 thousand, which is 5,2% higher than the level of the same indicator in 2022.

The debt-equity ratio decreased from 1,51 percentage points in 2022 to 1,48 in 2023. The decrease in this indicator is due to the Shareholder's Decision No. 23/23 dated June 14, 2023 to increase the number of declared shares of the Corporation through an additional issue in the amount of 20 000 000 units. Thus, in July 2023, in accordance with the decision of the Board of Directors of the Corporation dated July 10, 2023 No. 7, the Corporation placed 20 000 000 ordinary shares within the declared shares at the placement price of 1 thousand. tenge per common share, by exercising the right of pre-emptive purchase by a Shareholder, followed by an increase in the authorized capital of a Subsidiary to finance the purchase of agricultural machinery, forage harvesting equipment and mobile irrigation systems for subsequent leasing through a targeted transfer from the National Fund of the Republic of Kazakhstan.

The name of the indicator	2021	2022	2023
Assets	806 848 978	1 013 590 518	1 072 750 661
Obligations	535 795 537	609 258 301	641 158 795
Capital	270 689 441	404 332 217	431 591 686
Debt/Capital (D/E)	1,98	1,51	1,48

* according to the unconsolidated financial statements, in thousands of tenge

Factors affecting financial results

- 01** High level of capitalization. The share of equity in the balance sheet structure is 40,2% of the Corporation's assets, which indicates support from the Sole Shareholder and profitable activities.
- 02** Acceptable level of liquidity. The Corporation maintains a sufficient level of liquid funds to ensure stable growth of the loan portfolio and proper fulfillment of obligations to creditors.
- 03** Effective financial risk management. The Corporation has built an effective risk management system that allows timely identification, reliable assessment and minimization of credit and liquidity risks.
- 04** Compliance with prudential standards. The Corporation strictly adheres to prudential standards and other norms and limits that are mandatory for subsidiaries of Baiterek NMH JSC in the field of agriculture, approved by the resolution of the Board of the National Bank of the Republic of Kazakhstan. The Corporation systematically carries out work to prevent violations of established standards.

Raising funds in the capital markets

The volume of funds raised by the Corporation in 2023 is

257,27
billion tenge

The volume of funds raised by the Corporation in 2023 amounted to 257,27 billion tenge, including 141,5 billion tenge raised from budget sources:

- 140.0 billion tenge from the Ministry of Finance of the Republic of Kazakhstan (financing of spring field and harvesting operations);
- billion tenge from the State Institution «Akimat of Atyrau region» within the framework of the program «Development of SMEs of Atyrau region»;
- 0.5 billion tenge from the State Institution «Akimat of Ulytau region» within the framework of the program «Development of SMEs in Ulytau region».

Funds in the amount of 55,96 billion tenge were raised from extra-budgetary sources:

- City Bank JSC in the amount of 20,067 billion tenge to replenish working capital and subsequent lending to agricultural entities.
- JSC Halyk Bank of Kazakhstan in the amount of KZT 35,9 billion for general corporate purposes and replenishment of working capital of the Corporation.

The volume of borrowings of KazAgroFinance JSC in 2023 amounted to 59,8 billion tenge, of which:

- 29,8 billion tenge, through the placement of bonds on the stock market;
- 20,0 billion tenge loan from Industrial Development Fund JSC;
- 10,0 billion tenge from Halyk Bank of Kazakhstan JSC.

In 2023, the Corporation received two equal tranches of loans from the Ministry of Finance of the Republic of Kazakhstan for a total amount of KZT 140,0 billion. These funds were allocated within the framework of the Ken-Dala state program, the purpose of which is to support enterprises in carrying out spring field and harvesting operations. The loans were provided at a nominal interest rate of 0,01% per annum, with repayment plans for the first tranche on December 15, 2023 and the second on November 30, 2024.

Of the amount received, 60 861 311 thousand tenge were sent to Halyk Bank of Kazakhstan JSC and Bank CenterCredit JSC for further targeted use according to the terms of the program. The remaining 79 138 689 thousand tenge were sent directly to the Corporation's clients.

As of December 31, 2023, the book value of loans received amounted to KZT 77 340 798 thousand, including accrued interest in the amount of KZT 6 594 thousand. For comparison, as of December 31, 2022, the book value of loans was 60 747 873 thousand tenge, with accrued interest in the amount of 117 thousand tenge.

Loans from state and budgetary organizations

Repayment years	Nominal interest rate per year,%	Currency	December 31, 2023	December 31, 2022
2024-2033	0,01%	tenge	187 590 651	182 541 555
2027-2028	1,00%	tenge	933 695	308 887

During 2023, the Corporation received a loan in the total amount of 1 500 000 thousand tenge, which was aimed at financing two key initiatives. The first part of the loan in the amount of 1 000 000 thousand tenge was used to support small and medium-sized businesses in rural settlements. These funds were allocated for lending to end borrowers, including financing startup projects in Atyrau region. For this part of the loan, the interest rate is set at 1% per annum with a planned maturity in 2028.

The second part of the loan in the amount of 500 000 thousand tenge was aimed at crediting the subjects of the agro-industrial complex of the Ulytau region. These funds are intended for the purchase of new agricultural machinery and equipment. A symbolic interest rate of 0,01% per annum has been set for this part of the loan, and the loan repayment period is scheduled for 2033. These financing measures contribute to the development of key sectors of the economy and support for entrepreneurship in the regions.

In 2023, the Corporation actively attracted borrowed funds in the capital market to finance its investment projects. A loan in the amount of KZT 20 067 000 thousand was received from Citibank Kazakhstan JSC, the purpose of which was to replenish working capital. The loan was granted for a period of one year with a nominal interest rate in the range of 17,70-18,46% per annum.

On December 28, 2023, the Corporation raised funds from Halyk Bank of Kazakhstan JSC in the amount of KZT 35 900 000 thousand to replenish working capital, with a nominal rate of 17,75% per annum and a maturity of six years.

CORPORATE POLICY

As part of the implementation of the Sustainable Development Policy, the Board approved the Action Plan for the Sustainable Development of the Corporation for 2021-2022 dated 08.11.2021 (Protocol No. 53), which provides for ESG factors (a set of principles of environmental efficiency and environmental protection, social orientation and good corporate governance based on standards recognized by the international community). ESG factors

ensure consistency of the Corporation's economic, environmental and social goals for sustainable development in the long term. These factors are included in the Corporation's Development Strategy for 2020-2023, approved by the decision of the Board of Directors of the Corporation dated February 25, 2022, Protocol No. 4, as planned initiatives in the field of sustainable development.

The role of the supreme governing body in overseeing impact management (GRI 2-12, 2-14)

By Decision of the Board of Directors of the Corporation No. 12 dated July 19, 2021, the Policy of JSC Agrarian Credit Corporation in the field of sustainable development was approved. The Corporation reports annually to the Board of Directors on the implementation of the Policy.

Delegation of responsibility for impact management

In the Corporation, the functions of monitoring the implementation of the Action Plan in the field of sustainable Development are assigned to the Department of Strategic and Corporate Development. Reports to the management of the Corporation are provided on a quarterly basis.

Informing senior management about the most important issues of concern

The most important issues of concern are urgently communicated to senior management in writing.

THE ENVIRONMENTAL ASPECT

The Corporation approved a Sustainable Development Policy in 2021

In accordance with the vision of the Corporation, it should become a key institution for the development of agriculture and have an effective business model that promotes industrialization, intensification and diversification of agriculture through the development of a sustainable and affordable financing system.

As a financial operator of the most important strategic agricultural development projects, the Corporation must ensure the effective use of state and attracted resources, including natural resources that are involved in the process of expanding and diversifying the agro-industrial complex, such as land reclamation, phytosanitary, changing the structure of acreage, increasing the concentration of farm animals in farms and more.

Therefore, in addition to economic indicators, the Corporation also pays attention to the promotion of green technologies, digitalization and the transition of agriculture to resource-saving programs.

Taking into account that the internal activities of the Corporation are not related to the environmental aspect, its impact should be considered precisely through the prism of a financial intermediary.

In 2021, following the principles of sustainable development, the Corporation approved a Sustainable Development Policy developed in accordance with the terms of the UN Global Compact and the UN Principles of Responsible Investment. In accordance with the Policy, projects funded by the Corporation must comply with the requirements of environmental protection legislation, including the Environmental Code of the Republic of Kazakhstan.

Due to the nature of its activities, the Corporation does not have a direct significant impact on the environment. The main resources consumed by the Corporation are electricity, thermal energy and water.

According to the Sustainable Development Policy, the Corporation applies principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts.

In its activities, the Corporation strives to reduce excessive consumption of resources and minimize the existing negative environmental impact by reducing paper consumption for office needs through the introduction of an electronic document management system and the practice of double-sided printing.

The Corporation has a number of facilities on its balance sheet, which in 2023 incurred the following volumes of energy consumption:

Energy consumption volumes

Resources	2021	2022	2023
Water consumption	647,36 m ³	287,45 m ³	2 703,19 m ³
electricity	115 408 kW	243 926 kW	102 124 kW
thermal energy	104,30 Gcal	894,36 Gcal	247,0018 Gcal

The central office of the Corporation is located in rented premises in the business center «Nursaulet», according to the lease agreement, the lessor independently bears the costs of energy consumption. Resource consumption in proportion to the occupied area was:

Consumption volumes of the Central Office of the Corporation

Resources	2021	2022	2023
Water consumption	1 853,9 m ³	2 514,6 m ³	3 175,3 m ³
electric power	253 988 kW	286 337 kW	318 686 kW
thermal energy	339,25 Gcal	363,95 Gcal	388,65 Gcal

As part of the financing of investment projects of agricultural entities, the Corporation conducts an examination of design and estimate documentation, taking into account the mandatory state environmental expertise and mandatory coordination with the authorized body in the field of environmental protection in accordance with the legislation of the Republic of Kazakhstan.

The Corporation intends to comply with and integrate environmental, social and managerial factors of sustainable development (ESG factors) into business decision-making processes for financing agribusiness entities, as well as within the framework of current activities.

As part of the initiatives in the field of sustainable development, the Corporation plans to carry out:

- ☞ Assistance in achieving the Sustainable Development Goals.
- ☞ Development of responsible financing.
- ☞ Promotion of responsible procurement.
- ☞ Formation of a unified personnel policy.
- ☞ Increased transparency in activities.

Carrying out the functions of a financial development institution within the framework of the established mission to promote the sustainable development of the agro-industrial complex, the Corporation began work on integrating the principles of sustainable development into its activities, including the approval of internal regulatory documents providing for approaches to financing green projects.

THE SOCIAL ASPECT

In 2023, the Corporation paid great attention to improving the social aspect in its activities and strongly supported the initiatives of employees.

Human resources development:

- ☞ A project has been launched to improve the credit process – SMART ACC, within the framework of which the specialists involved in the project passed an internal competitive selection in the Corporation;
- ☞ 30 employees were promoted within the framework of compliance with the principles of meritocracy;
- ☞ More than 500 employees have received professional development training.

Social aspects:

- ☞ 24 employees got married and started a family;
- ☞ 76 employees had children.

Material improvements:

- ☞ Measures have been taken to increase the salaries of the Corporation 's employees to an average of 35%;
- ☞ 120 employees received financial assistance on requests.

Corporate events:

- ☞ Sports events in football, table tennis, chess have been organized, and internal tournaments of intellectual games have been held.

Non-financial incentives:

- ☞ 1 employee was awarded the badge «Auyl sharuashylygy salasyn uzdigi»;
- ☞ 5 employees were awarded commemorative medals for the 10th anniversary of the Holding;
- ☞ 3 employees were awarded the medal «Tengege 30-zhyl»;
- ☞ 14 employees were awarded certificates of honor and letters of thanks.

Creating equal working conditions and career opportunities within the Corporation

One of the fundamental values of the Corporation, which is defined in the Code of Business Ethics, approved by the decision of the Board of Directors of the Corporation dated June 30, 2021 No. 11, is human resources. The results of its activities directly depend on the level of professionalism and safety of the Corporation's employees.

It should be noted that the Corporation has created equal working conditions and career opportunities for both men and women. The Corporation offers training programs, professional development opportunities, and flexible working conditions to help employees achieve their personal and professional goals.

Thus, the Corporation joined the UN Women's Empowerment Initiative and is registered on <https://www.weps.org/company/agrarian-Credit-Corp-JSC>.

The full-time number of employees of the Corporation at the end of 2023 amounted to 758 people, of whom 56,5% were men and 43,5% were women. The share of women in management is 0%, among line managers - 21%.

According to the data of 2023, the average age of the Corporation's employees is 38 years.

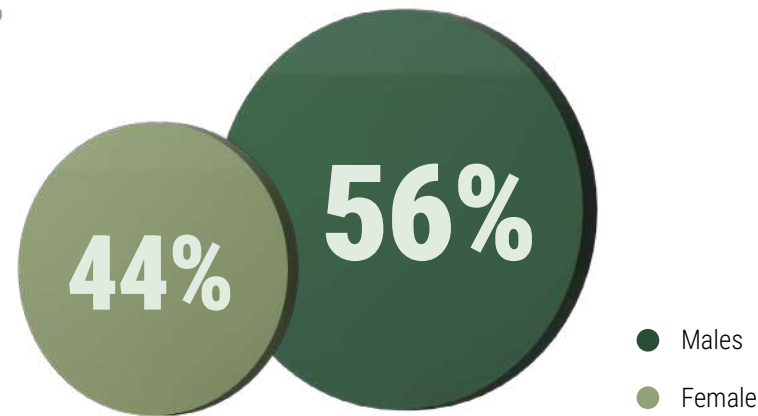
By the decision of the Board of the National Managing Holding Baiterek JSC dated August 10, 2022 No. 32/22, a Single personnel reserve of the Holding was formed, which included 1 employee of the Corporation in the Top 20, 2 employees in the Top 50 and 1 employee in the Top 100.

The Director of the Risk Management Department of the Corporation has been granted a study leave to study under the international scholarship of the President of the Republic of Kazakhstan «Bolashak» in Australia in the specialty «Digital Economy. Digital Marketing», under the Master’s degree program.

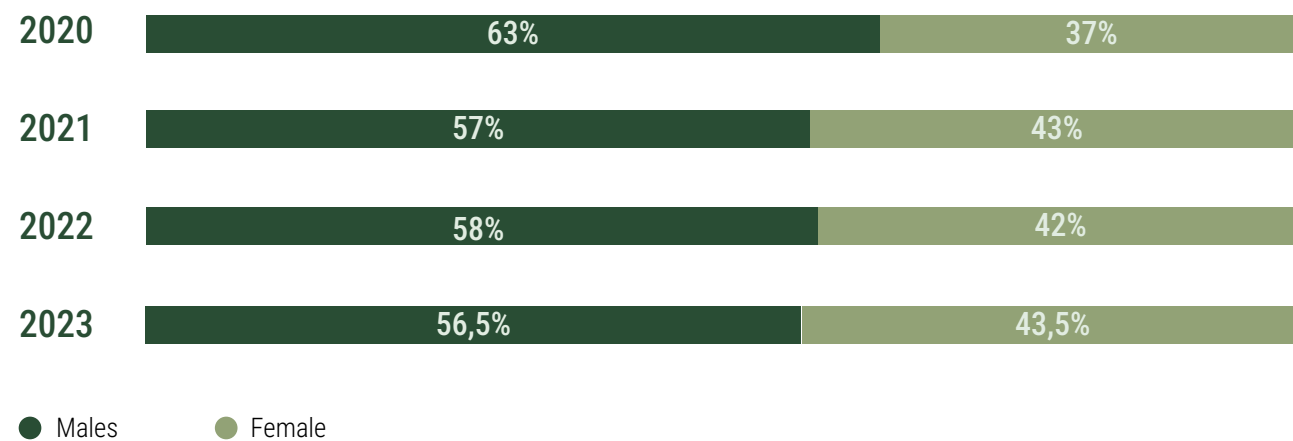
In 2023, 336 employees of the Corporation underwent advanced training, including 150 employees of the central office and 186 employees of the Corporation’s branches.

There are no part-time, temporary or hourly employees in the Corporation.

Staff structure by gender groups, %



Gender statistics, %

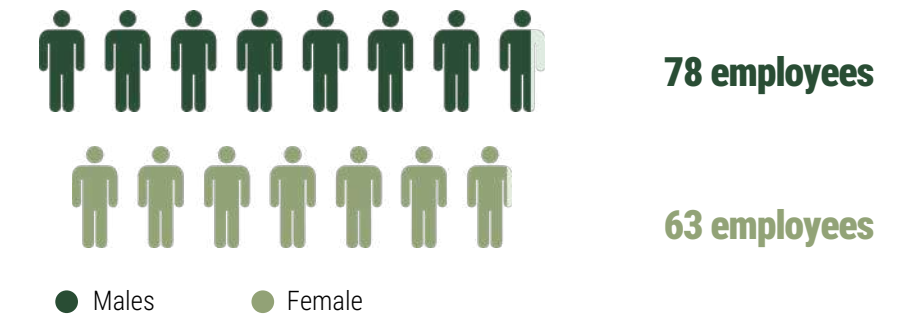


Staff turnover

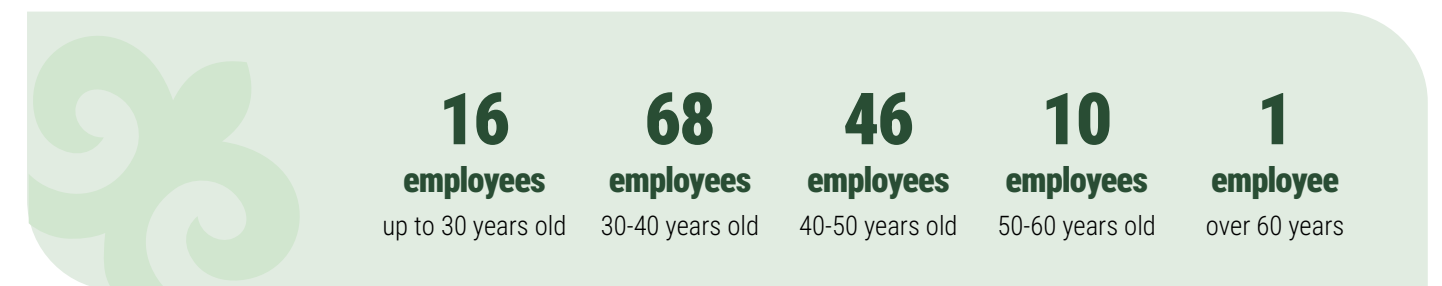
In 2023, voluntary staff turnover was

7,7%

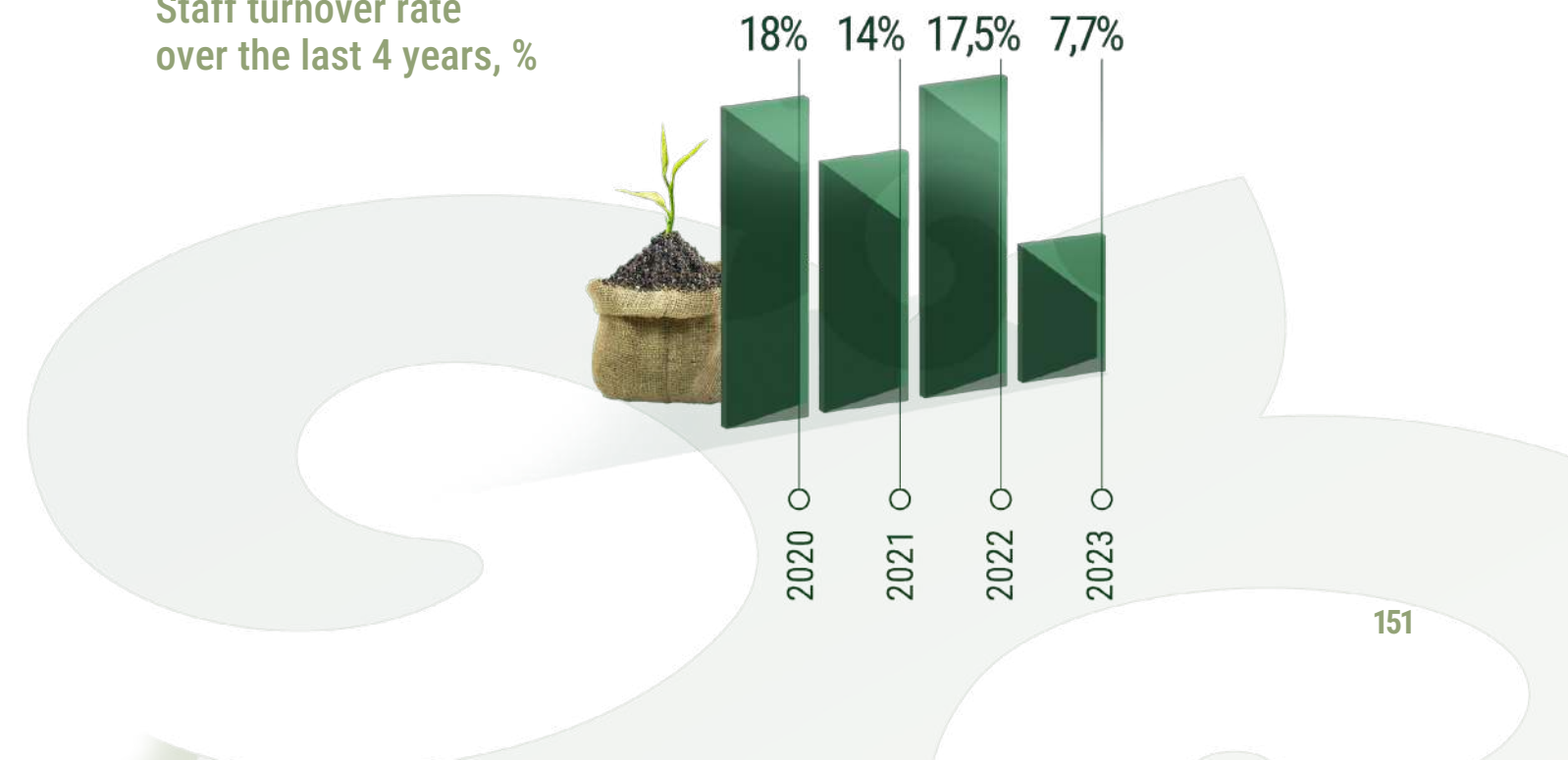
Information on staff turnover by gender groups in 2023:



Information on staff turnover by age group in 2023:



Staff turnover rate over the last 4 years, %



Information on staff turnover by gender and age groups in 2023:

	By gender groups		By age groups				
	male	female	up to 30 years old	30-40 years old	40-50 years old	50-60 years old	above
The coefficient of fluidity, %	60 years old	45,39	11,35	48,23	32,62	7,09	0,71

In order to reduce the turnover rate, the following activities are carried out:

- ☞ material and non-material incentives for qualified employees;
- ☞ Stable economic environment;
- ☞ a healthy psychological atmosphere;
- ☞ career opportunities;
- ☞ Training.

As of December 31, 2023, there were 77 people on maternity leave (74 women and 3 men). During 2023, 34 people were supposed to return from the decree, 22 of them returned, 12 quit.

Average number of hours of training:

	Number of hours
In total	1 444,8
By gender:	
Men	894,4
Women	550,4
By staff category:	
Senior Management (Board of Directors, Management Board)	38,7
administrative and managerial staff	606,3
production staff (branches)	799,8

In total, in 2023, the Corporation's employees were trained in 54 programs/courses as part of professional development.

The Corporation notifies employees of changes in working conditions in strict accordance with the norms of the labor legislation of the Republic of Kazakhstan. In accordance with the norms of Article 46 of the Labor Code of the Republic of Kazakhstan No. 414-V of November 23, 2015, the employer is obliged to notify the employee of changes in working conditions no later than fifteen calendar days in advance, unless labor or collective agreements provide for a longer notice period.

WORKPLACE HEALTH AND SAFETY

One of the priorities of the Corporation is the safety and health of its employees.

The Corporation's activities relate to the financial sphere, therefore, cases of occupational injuries are practically excluded. No accidents, occupational diseases or deaths were reported in the reporting period.

The Corporation complies with the legislation of the Republic of Kazakhstan in the field of occupational safety and fire safety. The Safety Department has one full-time fire safety and labor protection manager and one unit (under an outstaffing agreement), whose functional responsibilities include monitoring compliance by employees of the Corporation with the Instructions on Labor Protection, Safety and Fire Safety for employees of JSC Agrarian Credit Corporation, approved by the decision of the Board of the Corporation from December 29, 2021 No. 63, as well as the Order of the Chairman of the Board of the Corporation No. 24-0 dated January 23, 2023 «On the appointment of responsible employees for ensuring fire safety, the procedure for ensuring control over fire safety and labor protection in Agrarian Credit Corporation JSC».

On May 30, 2023, in accordance with the work plan of the Safety Department for 2023, the Corporation held a seminar on «Fire safety and labor Protection», with the participation of a representative of the authorized body, Chief specialist of the State Fire Control Department of the Department of Emergency Situations of Astana Gutyr E. A.

APPROVED HSE LABOR REGULATIONS FOR 2022

The requirements for occupational health, safety and fire safety in the Corporation are regulated by the following regulatory documents:

- ✦ Order of the Minister of Emergency Situations of the Republic of Kazakhstan No. 405 dated August 17, 2021 «On approval of the Technical Regulations «General requirements for fire safety»;
- ✦ Order of the Minister of Emergency Situations of the Republic of Kazakhstan No. 55 dated February 21, 2022 «On approval of Fire Safety Rules»;
- ✦ Instructions on labor protection, safety and fire safety for employees of JSC Agrarian Credit Corporation, approved by the decision of the Board of the Corporation dated December 29, 2021 No. 63;
- ✦ Order of the Chairman of the Board of the Corporation No. 24-O dated January 23, 2023 «On the appointment of responsible employees for ensuring fire safety, the procedure for ensuring control over fire safety and labor protection in Agrarian Credit Corporation JSC».

On May 31, 2023, employees of the Corporation were tested for knowledge of the Instructions on Labor protection, safety and fire safety for employees of the Corporation. Upon detection of facts of non-compliance by landlords with technical and fire requirements in the premises leased by the central office and branches of the Corporation, appropriate acts are drawn up for all identified violations and sent to the landlord for taking measures to eliminate them.

Based on the results of the work carried out by the Security Department, a quarterly report is generated to the Chairman of the Management Board of the Corporation.

In 2024, work will continue to ensure safe working conditions, taking into account the requirements of state standards, rules and guidelines on standardization, sanitary norms and rules. It is planned to involve all employees of the Corporation in active participation in work on occupational safety and health.

CODE OF BUSINESS ETHICS

The Corporate Ethics Code of the Corporation has been developed in accordance with the current legislation of the Republic of Kazakhstan, taking into account recognized international standards of business conduct and corporate governance, on the basis of the Charter, standard documents of the Holding, including the Corporate Governance Code and other internal documents of the Corporation. The Code reflects the Corporation's vision and understanding of the principles of business ethics and corporate values.

The fundamental values of the Corporation:

- 01 Responsibility: for intentions and actions;
- 02 Professionalism: high readiness to perform tasks of professional activity;
- 03 Team: collaboration to achieve better results from joint activities;
- 04 Honesty: honesty within the Corporation and to its partners;
- 05 Social responsibility: responsibility for the impact of the Corporation's activities on stakeholders in the public sphere.

In carrying out its activities, the Corporation:

- 01 Complies with the norms of the legislation of the Republic of Kazakhstan, decisions of the Sole Shareholder, as well as other documents related to the activities of the Corporation.
- 02 Ensures the observance and respect of the rights, honor and dignity of every person and citizen, regardless of their origin, social, official and property status, gender, race, nationality, language, religious beliefs, place of residence or any other circumstances.
- 03 Strives to ensure that all relationships with stakeholders are mutually beneficial.
- 04 Creates equal conditions for professional development of employees who seek self-education and professional development in accordance with training and professional development programs.
- 05 Ensures payment of remuneration to employees of the Corporation for their work, depending on the level of qualification, complexity and quality of the work performed, as well as on the results of key performance indicators.
- 06 Takes all necessary measures to ensure the safety and labor protection of employees in accordance with the law, as well as creates safe working conditions.
- 07 Ensures the confidentiality of information within the limits established by the legislation of the Republic of Kazakhstan and internal documents of the Corporation.
- 08 Creates conditions for an open and trusting dialogue between officials and employees of the Corporation.

- 09 Evaluates and encourages proactive ideas and suggestions of employees, the implementation of which will bring a positive effect to the Corporation.
- 10 Does not allow the granting of any privileges and benefits to individual officials and employees, unless it is based on legitimate grounds, while ensuring equal opportunities for all.
- 11 Is responsible for making decisions free from conflicts of interest at all levels, from an official to any decision-making employee.

On June 29, 2022, the Corporation's Code of Business Ethics No. 11 dated June 30, 2021 was supplemented by paragraph 70 – «Employees of the Corporation are tested on an annual basis for knowledge and understanding of the basic principles of this Code in accordance with the procedure established by the internal regulatory documents of the Corporation».

In order to ensure compliance with the principles of business ethics and regulation of social and labor disputes in the Corporation, it was decided to appoint an Ombudsman. The Ombudsman is a consultant for employees and participants in labor conflicts, provides assistance in developing constructive solutions, while observing the norms of the legislation of the Republic of Kazakhstan, including confidentiality if necessary. His activities are evaluated by the Board of Directors of the Corporation, and a decision is made to extend or terminate his powers. In addition, the Ombudsman submits an annual report on his work to the relevant committees of the Board of Directors of the Corporation.

MAIN GOALS AND OBJECTIVES

FOR 2024

THE MAIN GOALS AND OBJECTIVES OF AGRARIAN CREDIT CORPORATION JSC FOR 2024 INCLUDE:

1. INCREASE IN THE VOLUME OF FINANCING OF THE AGRO-INDUSTRIAL COMPLEX TO 462 BILLION TENGE (362 BILLION TENGE - THE CURRENT PLAN + 100 BILLION TENGE NEW INITIATIVES);
2. OPTIMIZATION OF KEY BUSINESS PROCESSES;
3. TIMELY FINANCING FOR SPRING FIELD AND HARVESTING OPERATIONS IN 2024;
4. IMPLEMENTATION OF A FULL-FLEDGED CRM SYSTEM FOR ALL CREDIT PRODUCTS;
5. IMPLEMENTATION OF ONLINE COLLATERAL MONITORING;

These goals and objectives are aimed at improving the processes and increasing the efficiency of the Corporation. Their implementation will improve the consideration of investment projects, ensure timely financing, improve customer service using a CRM system, optimize credit and other business processes, as well as introduce innovative solutions such as the ACC mobile application and blockchain technologies.

6. INTRODUCTION OF A LOAN GUARANTEE PRODUCT;
7. EXPANDING THE CAPABILITIES AND COMPONENTS OF THE AGROCREDIT MOBILE APPLICATION;
8. IMPLEMENTATION OF MEASURES TO CREATE A DIGITAL CREDIT FILE;
9. IMPLEMENTATION OF MEASURES TO CREATE A SINGLE DATA WAREHOUSE;
10. ONLINE REGISTRATION OF DEPOSITS IN THE AGRO-INDUSTRIAL COMPLEX WITH BLOCKCHAIN TECHNOLOGY (WITHOUT PHYSICAL DEPARTURE OF AGRICULTURAL PRODUCERS);
11. AUTOMATION OF ACCOUNTING FOR THE ACTIVITIES OF CREDIT PARTNERSHIPS.

In parallel, automation of various fields of activity is carried out, including the work of credit partnerships, collateral and registration of collateral in the agro-industrial complex. The corporation also aims to create a digital credit file and increase human resources through training.

An important aspect is to strengthen human capital and increase staff engagement, which contributes to the creation of a favorable working environment and high employee motivation. The implementation of these tasks will allow the Corporation to continue to develop, provide a high level of service and effectively achieve its goals.

EXCERPTS FROM THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR 2023



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Independent Auditors' Report

To the Shareholder and the Board of Directors of Agrarian Credit Corporation Joint Stock Company

Qualified Opinion

We have audited the consolidated financial statements of Agrarian Credit Corporation Joint Stock Company and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the effects on the corresponding figures as at and for the year ended 31 December 2022 of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Qualified Opinion

As described in Note 9 to the consolidated financial statements, as at 31 December 2021, with regard to loans issued to corporate customers, classified in Stage 3 of credit risk, with the gross carrying amount of KZT 304,221,793 thousand, the Group recognised an allowance for expected credit losses in the amount of KZT 62,564,653 thousand, respectively. IFRS 9 *Financial Instruments* requires entities to use reasonable and supportable information on which assumptions and expectations are based when measuring expected credit losses. We disagree with certain assumptions used to estimate the expected cash flows from the collateral realisation for credit-impaired loans to corporate customers and believe that the allowance for expected credit losses is significantly understated as at 31 December 2021. During 2022, the Group reassessed the fair value of collateral for loans issued to corporate customers and recalculated the corresponding allowance for expected credit losses as at 31 December 2022, having recognised a part of the impairment losses on loans to customers directly in the Group's equity in 2022. The effects of this departure from IFRS on the corresponding figures in the consolidated statements of profit or loss, comprehensive income and changes in equity for the year ended 31 December 2022 have not been determined. Our opinion on the consolidated financial statements as at and for the year ended 31 December 2022 dated 23 May 2023 was modified accordingly. Our opinion on the current year's consolidated financial statements is also modified because of the effects of this matter on the comparability of the current year's figures and the corresponding figures.

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Agrarian Credit Corporation JSC
Independent Auditors' Report
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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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Expected credit losses (ECL) for loans to customers and finance lease receivables

Please refer to the Notes 3, 4, 9, 10, 22 and 26 in the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Loans to customers and finance lease receivables represent a significant portion of total assets and are stated net of an allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to assumptions used.</p> <p>The Group uses 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 (allocation between stages 1, 2 and 3 in accordance with the IFRS 9 <i>Financial Instruments</i>); — assessment of probability of default (PD) and loss given default (LGD); — assessment of add-on adjustment to account for different scenarios and forward-looking information; — expected cash flows forecast for loans to customers, which are credit-impaired. 	<p>We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, including involvement of our own specialists in financial risk management. We tested the principle of operation of the respective models used by the Group.</p> <p>To analyse the adequacy of professional judgement and assumptions made by the management in relation to the allowance for ECL estimate, our audit procedures included the following:</p> <ul style="list-style-type: none"> — We tested design and operating effectiveness of controls over timely reflection of delinquency events related to loans to customers and finance lease receivables. — For a sample of loans to customers and finance lease receivables, for which the potential changes in ECL estimate may have a significant impact on the consolidated financial statements, we tested whether stages are correctly assigned by the Group by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Group.



Agrarian Credit Corporation JSC
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Due to the significant volume of loans to customers and finance lease receivables and the related estimation uncertainty of expected credit losses thereon, this area is a key audit matter.

- For a sample of loans to customers and finance lease receivables, we tested the correctness of data inputs for PD, LGD and EAD calculations, and timely recording of overdue days and repayments by agreeing to underlying documents as well as by verifying the assessment of value of collateral and expected timing of its realisation used to estimate ECL based on our understanding of historical experience and publicly available market information.
- We also analysed the overall adequacy of the adjustment to account for various scenarios and forward-looking information and compared it with our estimates taking into account the current and future economic situation.
- We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year 2023 but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report for the year 2023 is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



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Independent Auditors' Report
Page 4

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Agrarian Credit Corporation 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 consolidated 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:



Assel Urdabayeva
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000096 of 27 August 2012

KPMG Audit LLC
State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan



Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of the Charter

5 April 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2023

'000KZT	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	7	168,988,929	172,484,306
Loans to banks	8	29,575,908	10,518,187
Loans to customers	9	718,043,963	715,304,700
Finance lease receivables	10	457,464,211	392,079,501
Assets classified as held for sale		726,309	1,024,785
Investments in associates		434,037	-
Investment property		2,599,511	2,899,093
Property, plant and equipment		2,348,540	2,317,727
Intangible assets		874,935	978,317
VAT and other taxes recoverable	11	10,500,129	8,523,586
Current corporate income tax assets	19	2,270,712	1,950,809
Other assets	12	18,274,132	10,889,001
Total assets		1,412,101,316	1,318,970,012
Liabilities			
Amounts due to the Shareholder	13	93,516,543	101,001,736
Amounts due to the Government of the Republic of Kazakhstan	14	77,340,798	60,747,873
Amounts due to state and budget organisations	15	188,524,346	182,850,442
Amounts due to credit institutions	16	114,583,545	79,522,517
Debt securities issued	17	380,425,744	384,728,108
Current estimated liabilities		1,719,345	1,403,575
Deferred corporate income tax liabilities	19	19,163,222	12,348,397
Government grants	20	66,252,890	64,823,093
Other liabilities	18	19,726,341	16,573,686
Total liabilities		961,252,774	903,999,427
Equity			
Share capital	21	428,284,724	408,284,724
Reserve capital	21	19,704,422	13,846,278
Retained earnings / (accumulated losses)		2,859,396	(7,160,417)
Total equity		450,848,542	414,970,585
Total liabilities and equity		1,412,101,316	1,318,970,012
Carrying value of one ordinary share (KZT)*	21	1,053.66	1,017.03

*Certain amounts are not consistent with the financial statements for the year ended 31 December 2022 as they reflect the reclassifications detailed in Note 21. These reclassifications resulted in restatement of carrying amount of one ordinary share.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 31 December 2023

'000KZT	Note	2023	2022
Interest income calculated using effective interest method			
Cash and cash equivalents		24,450,073	12,296,784
Loans to banks		7,047,156	4,618,907
Loans to customers		119,667,366	105,075,892
Investment securities		17	33,548
		151,164,612	122,025,131
Other interest income			
Finance lease receivables		65,116,320	27,767,320
		216,280,932	149,792,451
Interest expense			
Amounts due to the Shareholder		(9,061,224)	(8,670,490)
Amounts due to the Government of the Republic of Kazakhstan		(27,286,933)	(12,087,824)
Amounts due to state and budget organisations		(17,489,341)	(18,939,624)
Amounts due to credit institutions		(12,216,465)	(3,444,953)
Debt securities issued		(46,165,696)	(33,074,486)
Other liabilities		-	(8,195)
		(112,219,659)	(76,225,572)
Net interest income			
		104,061,273	73,566,879
Expenses on credit losses	22	(51,374,566)	(37,292,095)
Net interest income net of expenses on credit losses			
		52,686,707	36,274,784
Net foreign exchange loss		(440,393)	(43,728)
Personnel expenses	23	(12,588,498)	(9,180,036)
Other administrative expenses	23	(6,984,629)	(4,823,143)
Net losses from modification of financial assets measured at amortised cost		(4,255,656)	902,348
Other income, net	24	12,625,624	1,040,115
Non-interest expense			
		(11,643,552)	(13,909,140)
Profit before income tax			
		41,043,155	22,365,644
Corporate income tax expense	19	(11,488,013)	(2,830,316)
Profit for the year			
		29,555,142	19,535,328

CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 31 December 2023

'000KZT	Note	2023	2022
Profit for the year			
		29,555,142	19,535,328
Other comprehensive income for the year		-	-
Total comprehensive income for the year			
		29,555,142	19,535,328

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2023

'000KZT	Note	Share capital	Reserve capital	Retained earnings / (accumulated losses)	Total
At 1 January 2022					
		254,366,870	11,337,766	5,084,805	270,689,441
Reclassification*		6,447,840	-	(6,447,840)	-
At 1 January 2022					
		260,814,710	11,337,766	(1,363,035)	270,689,441
Total comprehensive income for the year		-	-	19,535,328	19,535,328
Increase in share capital	21	147,470,014	-	-	147,470,014
Increase in reserve capital	21	-	2,608,512	(2,608,512)	-
Dividends paid	21	-	-	(6,086,528)	(6,086,528)
Impairment losses on loans to customers incurred in prior reporting periods	9,26	-	-	(19,228,881)	(19,228,881)
Other changes		-	-	2,591,211	2,591,211
At 31 December 2022					
		408,284,724	13,846,378	(7,160,417)	414,970,585
At 1 January 2023					
		408,284,724	13,846,378	(7,160,417)	414,970,585
Total comprehensive income for the year		-	-	29,555,142	29,555,142
Increase in share capital	21	20,000,000	-	-	20,000,000
Increase in reserve capital	21	-	5,858,144	(5,858,144)	-
Dividends paid	21	-	-	(13,677,185)	(13,677,185)
At 31 December 2023					
		428,284,724	19,704,422	2,859,396	450,848,542

* Reclassification is detailed in Note 21.

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2023

000KZT	2023	2022
Cash flows from operating activities		
Interest received	153,193,119	96,330,454
Interest paid	(56,144,263)	(36,313,613)
Personnel expenses paid	(12,435,532)	(8,662,714)
Other operating expense, net	(3,413,915)	(751,163)
Cash flows from operating activities before changes in operating assets and liabilities	81,199,409	50,602,964
<i>Net (increase) / decrease in operating assets</i>		
Loans to banks	(19,509,208)	(8,165,818)
Loans to customers	(26,576,388)	(93,176,940)
Finance lease	(73,490,703)	(73,443,111)
Other assets	(4,715,292)	1,467,178
<i>Net (increase) / decrease in operating liabilities</i>		
Government grants	(24,702)	(3,672,642)
Other liabilities	903,274	2,212,539
Net cash used in operating activities before corporate income tax paid	(42,213,610)	(124,175,830)
Corporate income tax paid	(4,963,974)	(4,106,408)
Net cash used in operating activities	(47,177,584)	(128,282,238)
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangible assets	(430,140)	(462,485)
Proceeds from sale of property, plant and equipment, intangible assets	11,636	12,761
Proceeds from repayment of investment securities	4,065	233,393
Proceeds from business combination (Note 6)	-	43,934,757
Net cash (used in) / from investing activities	(414,439)	43,718,426
Cash flows from financing activities		
Proceeds from issue of share capital and other financial instruments	20,000,000	
Proceeds from loans from the Government of the Republic of Kazakhstan (Notes 14, 27)	140,000,000	140,000,000
Repayment of loans from the Government of the Republic of Kazakhstan (Note 27)	(120,000,000)	(70,000,000)
Proceeds from loans from banks (Notes 16, 27)	85,967,000	78,277,000
Repayment of loans from credit institutions (Note 27)	(34,723,201)	(6,898,950)
Proceeds from loans from the Shareholder (Notes 13, 27)	-	8,300,000
Repayment of loans from the Shareholder (Note 27)	(14,314,148)	(14,569,037)
Debt securities issued (Notes 17, 27)	30,278,337	50,230,366
Repayment of debt securities issued (Note 27)	(38,373,610)	(40,330,000)
Proceeds from loans from state and budget organisations (Notes 15, 27)	1,500,000	31,428,726
Repayment of loans from state and budget organisations (Note 27)	(12,442,228)	(16,021,061)
Dividends paid (Note 21)	(13,677,185)	(6,086,528)
Net cash from financing activities	44,214,965	154,330,516
Effect of expected credit losses on cash and cash equivalents	1,115	(2,042)
Effect of movements in exchange rates on cash and cash equivalents	(119,434)	(133,529)
Net change in cash and cash equivalents	(3,495,377)	69,631,133
Cash and cash equivalents at beginning of year	172,484,306	102,853,173
Cash and cash equivalents at the end of year (Note 7)	168,988,929	172,484,306

APPENDIX NO. 1

About the Report

The Corporation strives for the most transparent and open disclosure of information for all interested parties.

This Annual Report provides a detailed overview of the company's operational and financial performance, as well as corporate governance and sustainability issues.

The Corporation issues such reports annually, and the previous one, for 2022, was published in July 2023. This report reflects the results of the Corporation's activities in the period from January 1 to December 31, 2023. Despite the fact that no external audit of the 2023 Report has been conducted, the Corporation is aware of the importance of assuring information in the field of sustainable development and is considering the possibility of confirming non-financial data in the future.

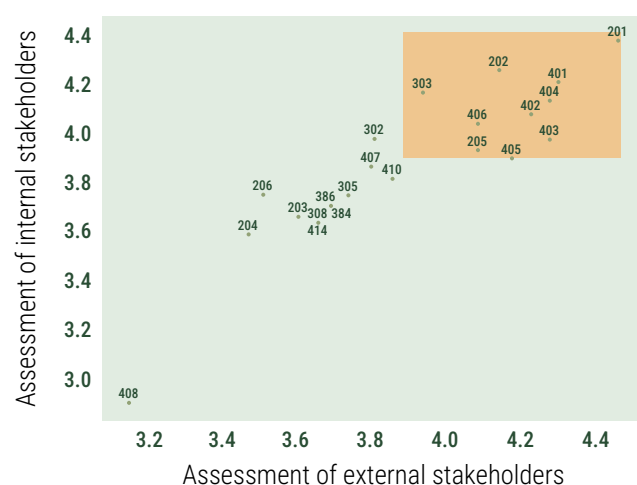
The report was prepared in accordance with the requirements of the international standards GRI, SASB, IFC (ESG information), including only the most significant topics of sustainable development. The content of the report was determined on the basis of active interaction with stakeholders, compliance with the principle of completeness and consideration of the broader context of sustainability. The quality of the report was ensured by strict adherence to the principles of accuracy, balance, clarity, reliability, comparability and timeliness.

Defining the content of the Report

The selection of significant topics for the Report was carried out on the basis of the principle of materiality, which allows us to identify aspects that have a significant impact on stakeholders and the environment. The process of materiality includes the identification of stakeholders, an analysis of their interests and expectations, as well as an assessment of the impact on aspects such as the environment, social aspects, economics and management. The prioritization of material aspects was carried out according to the criteria «regularity of actual impacts», «probability of potential impacts», «strength of positive and negative impacts» and «scale and coverage of impacts», «materiality». In the process of assessing the significance of topics, according to stakeholders, a 5-point scale was used, on which the probability of each event was estimated in the range from 0 to 5 points. A weighted average score was calculated for each topic, which made it possible to objectively assess their significance. Then, taking into account the opinions and assessments of both external and internal stakeholders, the most significant topics for further analysis and development of strategic initiatives were identified. The topics in the upper-right corner were recognized as the most significant, and they were given priority in the preparation of this Annual Report.

APPENDIX NO. 2

Significant topics to be disclosed in the Annual Report for 2023 of JSC Agrarian Credit Corporation



- 201. Economic Indicators (2016)
- 202. Market Presence (2016)
- 204. Procurement practices (2016)
- 205. Anti-corruption (2016)
- 206. Anti-competitive actions (2016)

- 203. Indirect economic impacts (2016)
- 302. Energy Consumption (2016)
- 303. Water and wastewater (2018)
- 304. Biodiversity (2016)
- 305. Emissions (2016)
- 306. Waste (2020)
- 308. Environmental Assessment of Suppliers (2016)
- 401. Employment (2016)
- 402. Employee-Management Relations (2016)
- 403. Occupational Safety and Safety (2018)
- 404. Professional training and Education (2016)
- 405. Diversity and equal opportunities (2016)
- 406. Non-discrimination (2016)
- 407. Freedom of association and business collective Bargaining (2016)
- 408. Child labor (2016)
- 410. Safety measures (2016)
- 414. Social assessment of suppliers (2016)

GRI reporting elements

Themes	The GRI standard
Economic indicators	201
Market presence	202
Anti-corruption	205
Water and wastewater	303
Employment	401
Employee-Management Relations	402
Occupational safety and health	403
Professional training and education	404
Diversity and equal opportunities	405
Non-discrimination	406

APPENDIX NO. 3

GRI Index

Indicator	Disclosure	Report section /Comment	Page
SDG, GRI 1: The Foundation (2021, 2018, 2016)			
GRI 2: The Company and its reporting practices (2021)			
2-1	Information about the organization	2. Information about the Corporation 2.1. About the Corporation 2.3 Mission, vision, key performance indicators 2.4 Geography of activity 6.2 The organizational structure of the central office of the Corporation 8. The main goals and objectives for 2024	12 12 18 20 82 158
2-2	Entities included in the reporting of the organization for sustainable development	2. Information about the Corporation 2.1 About the Corporation 6.9 Subsidiaries and affiliates	12 12 120
2-3	Reporting period, frequency and contacts	Appendix No. 1. About the Report Contact information	171
2-4	Revision of information	There has been no revision of the data and information	
2-5	External assurance	There was no external assurance	
SDG, GRI 2: The company's activities and its employees (2021)			
2-6	Company activities, value chain and other business relationships	4. Business Overview 4.2 Business model 4.4 Operation of financing programs	50 54 58
2-6	The industry in which the company operates	3. Industry Analysis 3.1. Macroeconomic indicators 3.2 Agro-industrial complex 3.3 Financing of the industry	22 22 25 46
2-7	Staff	7. Sustainable development 7.6 Social aspects	130 148
2-8	Freelance staff	7. Sustainable development 7.6 Social aspects	130 148
Corporate governance			
SDG, GRI 2: Corporate governance (2021)			
2-9	Structure and composition of management bodies	6. Corporate Governance 6.1. Corporate Governance System	78 80
2-10	Appointment and selection of the highest governing body	6. Corporate governance 6.4. Sole Shareholder 6.6. Board of Directors 6.7 Management Board	78 85 88 102
2-11	Chairman of the supreme governing body	6. Corporate governance 6.6. Board of Directors 6.7 Management Board	78 88 102

Indicator	Disclosure	Report section /Comment	Page
2-12 SDG 16	The role of the supreme governing body in overseeing impact management	6. Corporate governance	78
		6.6. Board of Directors	88
		6.7 Management Board	102
2-13 SDG 16	Delegation of responsibility for impact management	7. Sustainable development	130
		7.4. Corporate policy	144
2-14 SDG 16	The role of the supreme governing body in reporting on sustainable development	7. Sustainable development	130
		7.4. Corporate policy	144
2-15 SDG 16	Conflicts of interest	6. Corporate governance	78
		6.10 Compliance control	122
		6.12 Anti-corruption	124
		6.14 The process of eliminating negative consequences	125
2-16 SDG 17	Informing senior management about the most important issues	6. Corporate governance	78
		6.15 Internal audit	126
		7. Sustainable development	130
		7.4. Corporate policy	144
2-17	Collective knowledge of the highest governing body	6. Corporate governance	78
		6.6 The Board of Directors	88
		7.4. Corporate policy	144
2-18	Assessment of the activities of the supreme governing body	6. Corporate governance	78
		6.6 The Board of Directors	88
		7.4. Corporate policy	144
2-19	Remuneration Policy	6. Corporate governance	78
		6.6. The Board of Directors. Remuneration of members of the Board of Directors	102
		6.7. Management Board. Remuneration of Board members	112
2-20	The process of determining remuneration	6. Corporate governance	78
		6.6. The Board of Directors. Evaluation of the activities of the Board of Directors	101
		6.6. The Board of Directors. Evaluation of activities	102
		6.7. Management Board. Remuneration of Board members	112
2-21	Annual total remuneration ratio	6. Corporate governance	78
		6.6. The Board of Directors. Remuneration of members of the Board of Directors	102
		6.7. Management Board. Remuneration of Board members	112
GRI 2: Strategy, policy, practices			
2-22 SDG 17	Statement on the Sustainable Development Strategy	Address by the Chairman of the Board of Directors	4
		Address by the Chairman of the Management Board	6

Indicator	Disclosure	Report section /Comment	Page
2-23 SDG 17	Commitment to politics	7. Sustainable development. Commitment to the principles of sustainable development. Contribution to the achievement of the UN Sustainable Development Goals. Following the principles of sustainable development in accordance with the ESG approach	130
2-24 SDG 17	Fulfillment of the obligations assumed	7. Sustainable development. Commitment to the principles of sustainable development. Contribution to the achievement of the UN Sustainable Development Goals. Following the principles of sustainable development in accordance with the ESG approach	130
2-25	Elimination of negative effects	6. Corporate governance	78
		6.12 Anti-corruption	124
		6.14 The process of eliminating negative consequences	125
2-26	Mechanisms for obtaining Consultation and expressing concern	7. Sustainable development	130
		7.10 Code of Business Ethics	155
2-27	Compliance with the law	7. Sustainable development	130
2-28 SDG 17	Membership in associations and international organizations	The Corporation is not a member of any associations or associations	
2-29 SDG 17	Approach to stakeholder engagement	7. Sustainable development	130
		7.1 Stakeholders and aspects	134
		7.2 Interaction with stakeholders	135
2-30 SDG 3, 4, 5, 8, 10	Collective agreements	The ACC does not apply the practice of collective agreements.	
GRI 3: Main topics (2021)			
3-1	The process of identifying significant topics	Appendix No. 1. About the Report	171
3-2 SDG 2, 4, 7, 8, 9, 11, 12, 17	List of significant topics	Appendix No. 1. About the Report	171
Economy			
GRI 201: Economic indicators (2016)			
3-3	Managing essential topics	4. Business overview. Dynamics of the financial performance of the Corporation	50
201-1 SDG 9	Direct economic value created and distributed	4. Business overview. Dynamics of the financial performance of the Corporation	50
		7. Sustainable development	130
		7.3 The economic aspect. Financial results	138
201-2 SDG 13	Financial impact and other risks and opportunities arising from climate change	The organization's activities do not have a direct impact on climate change.	

Indicator	Disclosure	Report section /Comment	Page
201-3 SDG 2,3	Defined benefit obligations and other pension plans	All ACC employees are covered by the state pension system and pay mandatory pension contributions.	
201-4	Financial assistance received from the Government	7. Sustainable development 7.3 The economic aspect. Raising funds in the capital markets	130 138
GRI 202: Market presence (2016)			
3-3	Managing significant rates	6.6. The Board of Directors	88
202-2	Percentage of senior management in important business locations hired from the local community	6. Corporate Governance 6.6. The Board of Directors 6.7 The Management Board	78 88 102
GRI 205: Anti-corruption (2016)			
3-3 SDG 16	Managing essential topics	6.12. Anti-corruption	124
205-2 SDG 16	Assessment of activities for risks related to corruption	6. Corporate governance 6.12. Anti-corruption	78 124
205-3 SDG 16	Confirmed cases	In 2023, there were no cases of corruption offenses committed by ACC employees.	
Environmental aspects			
GRI 303: Water and wastewater (2018)			
303-5 SDG 6, 11, 12	Water consumption	7. Sustainable development 7.5. Environmental aspects	130 146
Social aspects			
GRI 401: Employment (2016)			
3-3 SDG 8	Managing essential topics	7. Sustainable development 7.6. The social aspect	130 148
401-1 SDG 5, 8	Recruitment of new employees and staff turnover	7. Sustainable development 7.6. The social aspect	130 148
GRI 402: The relationship between employees and management (2016)			
3-3 SDG 8	Managing essential topics	7.6. The social aspect	148
402-1 SDG 8	Minimum time limits for notification of changes in working conditions	7. Sustainable development 7.6 The social aspect	130 148
GRI 403: Occupational health and safety, (2018)			
3-3 SDG 8	Managing essential topics	7.7 Workplace health and safety 7.8 Approved instructions for occupational health and safety for 2023	153 154

Indicator	Disclosure	Report section /Comment	Page
403-1	Occupational health and safety management system	7. Sustainable development 7.7 Workplace health and safety 7.8 Approved instructions for occupational health and safety for 2023	130 153 154
403-2	Identification of hazards, risk assessment and investigation of incidents	7. Sustainable development 7.8 Approved instructions for occupational health and safety for 2023	130 154
403-4	Employee participation, consultation and information on occupational health and safety issues	7. Sustainable development 7.8 Approved instructions for occupational health and safety for 2023	130 154
403-5	Employee training on occupational health and safety	7. Sustainable development 7.7 Health and safety, in the workplace 7.8 Approved instructions for occupational health and safety for 2023	130 153 154
403-7	Prevention and mitigation of health and safety consequences directly related to business relationships	7. Sustainable development 7.8 Approved instructions for occupational health and safety for 2023	130 154
GRI 404: Professional training and education (2016)			
3-3 SDG 4,8	Managing essential topics	7.6. The social aspect	148
404-1 SDG 4,8	The average number of hours of training per year per employee	4.1 Strategic directions 7.6 The social aspect	50 148
404-2 SDG 4,8	Staff development and transition assistance programs	7. Sustainable development 7.6 The social aspect	130 148
GRI 405: Diversity and equal opportunities (2016)			
405-1 SDG 5,8,10	Diversity of governing bodies and staff	6. Corporate governance 6.6 The Board of Directors 6.7 Management Board 7.6. The social aspect	78 88 102 148
GRI 406: Non-discrimination (2016)			
406-1 SDG 5,8,10	Cases of discrimination and remedial measures taken	In 2023, there were no cases of discrimination.	

APPENDIX NO. 4.

Abbreviations

Annual Report – Annual Report of Agrarian Credit Corporation JSC Holding – Baiterek National Managing Holding JSC

Corporation, ACC – Agrarian Credit Corporation JSC

Management Board – Management Board of JSC Agrarian Credit Corporation

KAF – KazAgroFinance JSC

Fund – Fund for Financial Support of Agriculture JSC

AIC – Agro industrial complex

STB – second-tier banks

LC – leasing companies

MCI – monthly calculation index

MFOs – microfinance organizations

UN – United Nations

UNDP – United Nations Development Programme

RIC – Regional Investment Center

IAS – Internal Audit Service

ISS – Information Security Service

SDGs – Sustainable Development Goals ERP

1C – 1C: Enterprise 8.3

APPENDIX NO. 5.

Addresses and contacts

Central office

Address: Astana, Imanova str., 11
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