



KazakhExport



2020

EXPORTERS' RELIABLE
PROTECTION

ANNUAL REPORT

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ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 102-14



Ladies and Gentlemen!

JSC “Export Insurance Company” KazakhExport” for many years has been successfully fulfilling the tasks of supporting non-resource exports entrusted to it by the leadership of Kazakhstan. Moreover, today KazakhExport is the only organization in the Kazakhstani insurance market that provides exporting enterprises and second-tier banks with a full range of insurance services for protection against non-payment risks at all stages of production and sales in foreign markets.

The past 2020 has become extremely difficult for the Kazakh economy. The deterioration of the external economic situation due to quarantine introduction and closure of borders, as well as the negative trends in the global commodity markets against the background of the pandemic led to a drop in the volume of Kazakhstani exports by 19.5% compared to 2019, mainly due to fall in raw materials. Nevertheless, in these difficult conditions, Kazakhstan has managed not only to preserve, but also to increase the volume of exports of many non-primary goods in the priority areas.

In his message as of September 1, 2020, the Head of the State, Kassym-Jomart Tokayev, focused on supporting non-resource exports, especially of medium-scale business products: “Support for entrepreneurship also means special attention to the medium-scale businesses, which contain the key components of the market success. Such companies should be oriented not

only to the domestic but also to the foreign markets. Their export support should be enhanced... I instruct the Government to launch an export acceleration program aimed at medium-scale non-resource enterprises in order to provide the targeted support from idea up to the result”.

The results of the Company's activities in 2020 evidence that KazakhExport is fully complies with the task to support domestic exports assigned to it. In the current difficult situation, KazakhExport has managed not only to maintain the volume of the provided services, but also to increase it significantly. Thus, insurance support for non-resource sector enterprises increased from 97 billion tenge in 2019 to 134.6 billion tenge in 2020, and the amount of export contracts implemented with the insurance support from KazakhExport reached almost 589 billion tenge.

115 enterprises benefited from the support provided by “EIC “Kazakhexport” JSC, and 40 of them – for the first time. 71 enterprises from among the companies that received export support are the representatives of the medium-scale business. The Company's clients work in such important sectors of economy as mechanical engineering, food and chemical industries, metallurgy, and the agro-industrial complex.

In May 2020, the planned increase in the capital of JSC “EIC “KazakhExport” by 29 billion tenge took place. By the end of the reporting year, the Company's assets

exceeded 122.87 billion tenge. The company finished the year 2020 with a positive financial result – its net profit amounted to 3.86 billion tenge, which is 64% higher than in 2019.

Success of the Company was affirmed by the international rating agency Moody's Investors Service, which confirmed the financial strength rating of “KazakhExport” insurer at the Baa3 level on the international scale with a positive forecast.

It is worth mentioning that in September 2020, the insurance coverage of “Export Insurance Company “KazakhExport” JSC was equated to the highly liquid security under the bank loans, that provides additional opportunities to attract financing for the Company's clients.

The plans of JSC “EIC “KazakhExport” for 2021 include further increase in the authorized capital and the limit of the state guarantee for export support. KazakhExport has been set a task for further increase of non-resource exports support in 2021.

Chairman of the Board of Directors,
Minister of Trade and Integration
of the Republic of Kazakhstan
Bakhyt SULTANOV

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 102-14



Dear Customers, Partners and Colleagues!

The pandemic has dealt a severe blow to the global trade, including the domestic exporting enterprises. In 2020, the export of goods from Kazakhstan decreased by 19.5% compared to 2019. Supplies of mineral raw materials to the external market decreased by 26%, or by 10.85 billion dollars in the absolute terms. However, export of non-primary goods, which is a priority for “KazakhExport”, despite decrease in the global trade flows, showed a moderate decline by 5.5% due to fall in export of oil products. At the same time, the export volumes of some types of products by the end of 2020, on the contrary, increased. Thus, the volume of food products export increased by 13.9%, chemical products – by 7.1%, and vehicles – by 30.3%.

Despite introduction of severe restrictions against the background of the epidemic spread, including temporary bans on export of some food products, personal protective equipment, medicines, KazakhExport continued to work actively. With transfer to a remote work organization format, we managed not only to preserve the main business processes, but also to increase the efficiency of interaction with customers. Many issues were resolved online, distance training was organized for employees of Kazakhstani banks, and after lifting of quarantine restrictions, our employees returned to the practice of holding face-to-face meetings with entrepreneurs in all regions of the country. When transferring to a distant work mode, we tried to simplify the procedures for our customers interacting with us as much as possible.

The company keeps up with the times: we pay great attention to continuous improvement of business processes and automation thereof. Risk management

is one of our priorities. We assess our own risks on a regular basis and use advanced counterparty risk assessment models. KazakhExport complies with all regulatory requirements of the Financial Development Agency for insurance companies in terms of risk management systems.

At the end of 2020, we supported 115 enterprises, including 71 SMEs, and 40 exporters who used our services for the first time. The total amount of support in 2020 exceeded 134.6 billion tenge against 97 billion tenge in 2019. Our customers work in various sectors of economy: mechanical engineering, agro-industrial complex, food industry and other non-resource sectors.

In May 2020, 29 billion tenge was allocated from the republican budget for additional capitalization of the Company. At the beginning of 2021, its authorized capital amounted to 100.1 billion tenge, equity capital – 109.4 billion tenge, the assets amounted to almost 123 billion tenge.

However, KazakhExport fulfilled the order of the President of the Republic of Kazakhstan issued in March 2020 on payment of dividends for 2019 by the national companies in the amount of up to 100% of net income, transferring more than 2.3 billion tenge to its sole shareholder – “National Management Holding “Baiterek” JSC.

In 2020, KazakhExport actively interacted with the Ministry of Trade and Integration and the Agency for Financial Market Regulation and Development.

The result of the joint work was introduction of important changes to the current legislation of the Republic of Kazakhstan: KazakhExport's insurance coverage was equated to the highly liquid security

of bank loans, which made it possible to increase the volume of export operations financing by banks. So, in 2020, domestic exporters attracted 102 billion tenge of credit resources under the insurance coverage of KazakhExport, which more than twice exceeded the same indicator in 2019.

KazakhExport successfully works with Kazakhstani and international development institutions, including the Development Bank of Kazakhstan, the Eurasian Development Bank, “Kazyna Capital Management” JSC, the Agrarian Credit Corporation, and the Industrial Development Fund. In the banking sector, our active partners are such second-tier banks as “Halyk Bank”, “RBK”, “Sberbank”, “Alfabank”, “Nurbank”, “VTB”, “Eurasian Bank”.

In 2021, it is planned to further increase the authorized capital of KazakhExport and the state guarantee amount covering obligations of our Company. We believe that these measures will increase the volume of insurance support provided by the Company to Kazakhstani non-resource exporters up to 200 billion tenge per year. In order to fulfill this task, in 2021 KazakhExport will continue to expand its customer base and develop the partner banks network in Kazakhstan and beyond it.

I express my sincere gratitude to our customers and partners for fruitful cooperation and wish them stability and prosperity. Together we can handle any challenge!

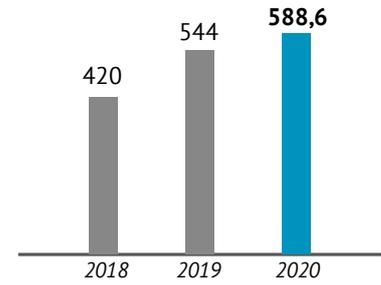
Chairman of the Management Board of
“KazakhExport” Insurance Company” JSC
Ruslan ISKAKOV

KEY PERFORMANCE 2020 GRI 102-7

EXPORT CONTRACTS
AMOUNT, BILLION TENGE



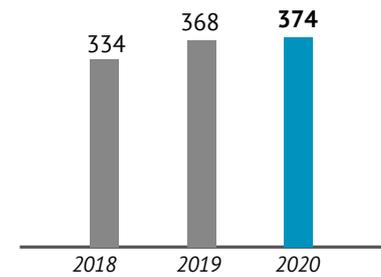
588.6 BILLION
TENGE



NUMBER OF EXPORT
CONTRACTS



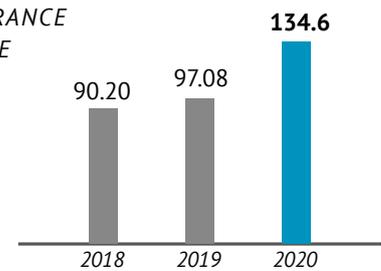
374



AMOUNT OF ASSUMED INSURANCE
COMMITTEES, BILLION TENGE



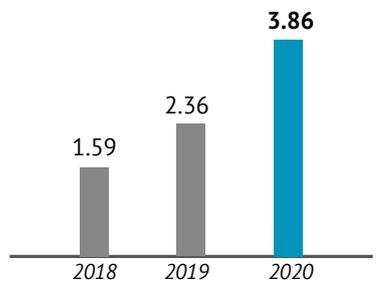
134.6 BILLION
TENGE



NET PROCEEDS FOR
THE YEAR, BILLION TENGE



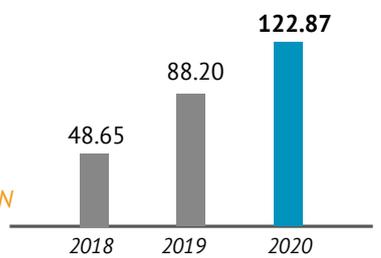
3.86 BILLION
TENGE



ASSETS AS OF THE YEAR
END, BILLION TENGE



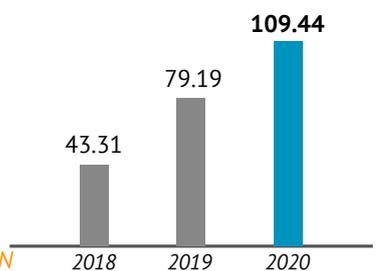
122.87 BILLION
TENGE



EQUITY CAPITAL
AS OF THE YEAR END,
BILLION TENGE



109.44 BILLION
TENGE



KEY EVENTS 2020



The authorized capital of KazakhExport increased by 29 billion tenge (allocation of funds was provided for by the Decree of the President of the Republic of Kazakhstan as of April 8, 2020 № 299 in the revised republican budget for 2020 under the program № 245 "Authorized Capital Increase of "National Management Holding "Baiterek" JSC with a subsequent increase of the authorized capital of "Export Insurance Company "KazakhExport" JSC).



The international rating agency Moody's Investors Service has confirmed the financial strength rating of KazakhExport insurer at the "Baa3" level on the international scale with a positive outlook, which corresponds to the level of the sovereign rating of the Republic of Kazakhstan.



KazakhExport's insurance coverage was equated to the highly liquid security under STB loans. (the Resolution of the Management Board of the RSE "Agency of the Republic of Kazakhstan for Financial Market Regulation and Development" as of October 30, 2020 № 106 "On Amendments and Supplements to some Regulatory Legal Acts of the Republic of Kazakhstan and Suspension of some Norms of some Regulatory Legal Acts of the Republic of Kazakhstan on Financial market Regulation issues" amends the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan as of September 13, 2017 № 170 "On Establishment of Standard Values and Calculation Methods for Prudential Norms and other Mandatory Standards and Limits, the Amount of the Bank's Capital and Rules on the Open Foreign Exchange Position Calculation and Limits", as well as the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan as of May 30, 2016 № 144 "On Establishment of Prudential Standards and other Mandatory Norms and Limits for Islamic Banks, Normative Values thereof and the Calculation Methods of Prudential Standards and other Mandatory Norms and Limits for Islamic Banks").

ABOUT THE COMPANY



GRI 102-1, 102-2, 203-1

“KazakhExport” Export Insurance Company” Joint-Stock Company (hereinafter referred to as “KazakhExport” or the “Company”) is the national development institution established to support the Kazakhstan export by implementing the insurance instruments to protect export operations. KazakhExport offers the services of insurance of commercial and political risks incidental to implementation of the foreign economic contracts of the exporting companies from the non-resource sector.

MISSION

Support growth of non-resource commodities, works, and services export in the priority economy sectors and form the practice of financial-insurance and non-financial support of the Kazakhstan companies.

VISION

By the year 2023, to become the key development institution for implementation of the state foreign economic policy of the Republic of Kazakhstan in the Central Asian region and the countries of the Eurasian Economic Union.

COMPANY'S BACKGROUND



Establishment of KazakhExport
(Resolution of the Government of
the Republic of Kazakhstan № 442).

2003

2004

Becoming a member to the Prague Club of the Berne Union – the Association of the major international export-credit agencies (today 82 companies from different countries of the world are the members of the Berne Union, two of them have the status of observer).

2005-2018

Operations in the insurance market as the reinsurance company both on a pro rata and non-pro rata basis.

2010

Increase of the authorized capital stock in order to support export trade financing operations.

2012

For the first time ever in Kazakhstan, with the financial and insurance support of KazakhExport, the domestic locomotives were exported to the Republic of Tajikistan.

2013

Becoming a part to "Baiterek" NMH" JSC (a Sole Shareholder).

2014

Becoming a member of Aman Union – the Association of the major export-credit agencies of the Islamic states and the Arab world.

2015

Awarding the status of the Observer of the Berne Union established in 1934 and representing an informal association of insurance companies involved in insurance of export credits and investments.

For the first time in Kazakhstan history, the first export transaction of the international level according to the procedure of leasing financing for 10 domestic locomotives supply to the Republic of Azerbaijan was concluded with participation of KazakhExport.

2016

The licenses for additional classes of insurance "Loan Insurance", "Civil Liability Insurance" were obtained from the National Bank of the Republic of Kazakhstan, as well as the rules were worked out and the new export support instruments were introduced that include voluntary loan insurance, advance payment insurance, pre-export financing, and leasing insurance.

Expansion of the line of insurance support instruments: voluntary loan insurance, advance payment insurance, trade financing in the national currency and Russian rouble, as well as finance leasing insurance.

Increase of the authorized capital stock by the amount of 14 billion tenge.

Joint credit transactions are settled with "Development Bank of Kazakhstan" JSC under which KazakhExport provided insurance coverage through the loan insurance product.

2017

Transformation of "KazExportGarant" Export-Credit Insurance Corporation" JSC into "KazakhExport" Export Insurance Company" JSC and listing among the national companies.

Updating of the Development Strategy of KazakhExport for 2014–2023 in accordance with the National Export Strategy of the Republic of Kazakhstan.

Increase of the authorized capital stock by the amount of 13.9 billion tenge.

2018

March 2018: relocation of the Company to Astana City to the new address: 55A, Mangilik El Avenue, BC "Baiterek", Astana City.

Reissue of license № 2.1.55 as of May 21, 2018 for the right to conduct insurance (reinsurance) activities in the "general insurance" section.

Establishment of the office in Kazan (Russian Federation) and appointment of a foreign representative in the PRC.

2019

Establishment of the offices in the countries of the high export and priority export interest: Tashkent (Republic of Uzbekistan), Dushanbe (Republic of Tajikistan), Yekaterinburg, Novosibirsk (Russian Federation), and Bishkek (Kyrgyz Republic).

Increase of the authorized capital stock by the amount of 34 billion tenge.

KazakhExport EIC JSC obtains the State guarantee of export support in the amount of 102 billion tenge for 10-year period of validity.

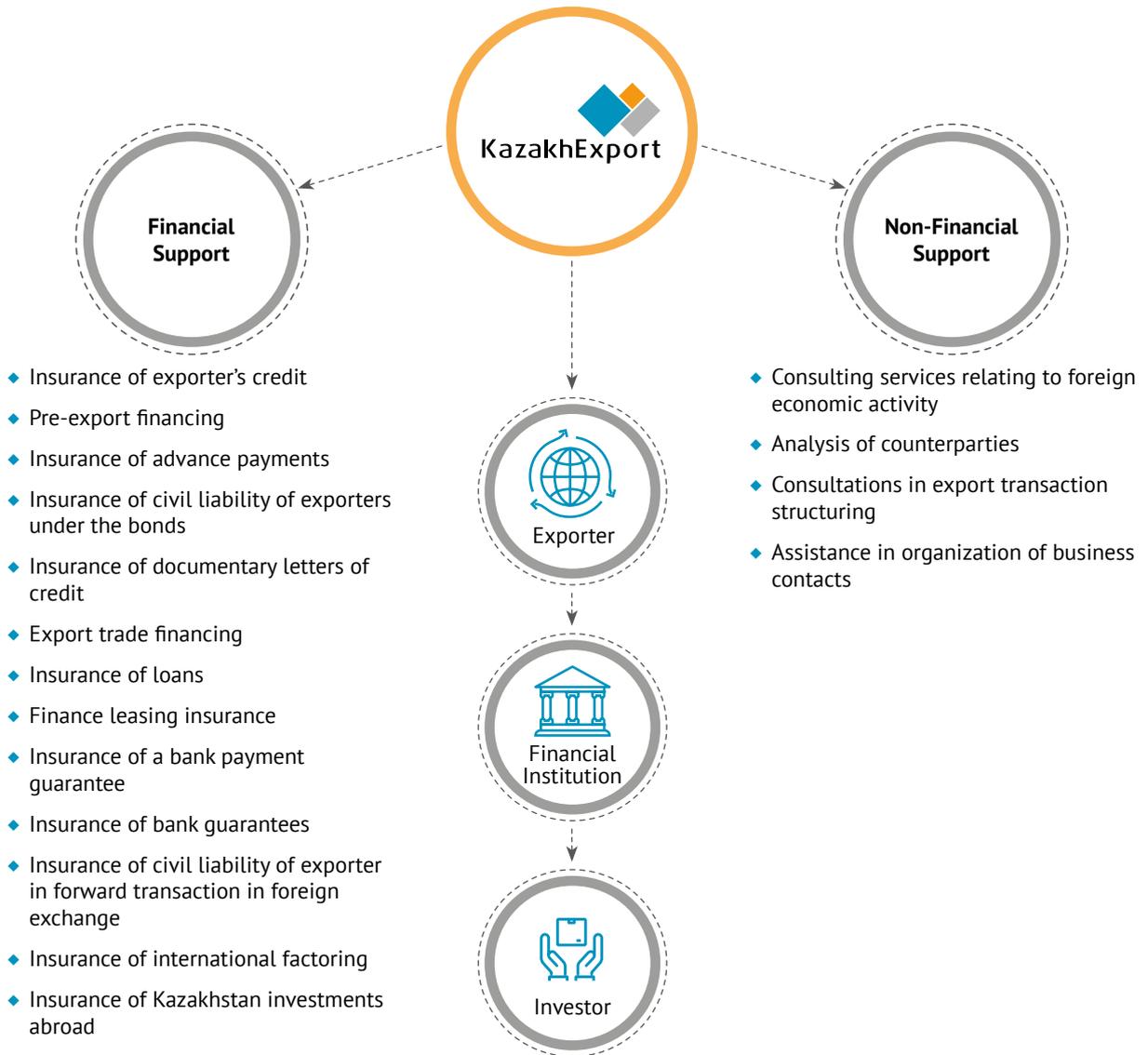
2020

Increase of the authorized capital of KazakhExport by the amount of 29 billion tenge.

The international rating agency Moody's Investors Service has confirmed the financial strength rating of "KazakhExport" insurer at the "Baa3" level on the international scale with a positive outlook, which corresponds to the level of the sovereign rating of the Republic of Kazakhstan.

KazakhExport's insurance coverage was equated to the highly liquid security under STB loans.

BUSINESS MODEL DESCRIPTION GRI 102-9



115 EXPORTING ENTERPRISES

According to the results of 2020, **115 exporting enterprises** received support, including **40 companies – for the first time**

134.6 BILLION TENGE

The total amount of insurance liabilities amounted to **134.6 billion tenge** (in 2019 – 97.1 billion tenge)

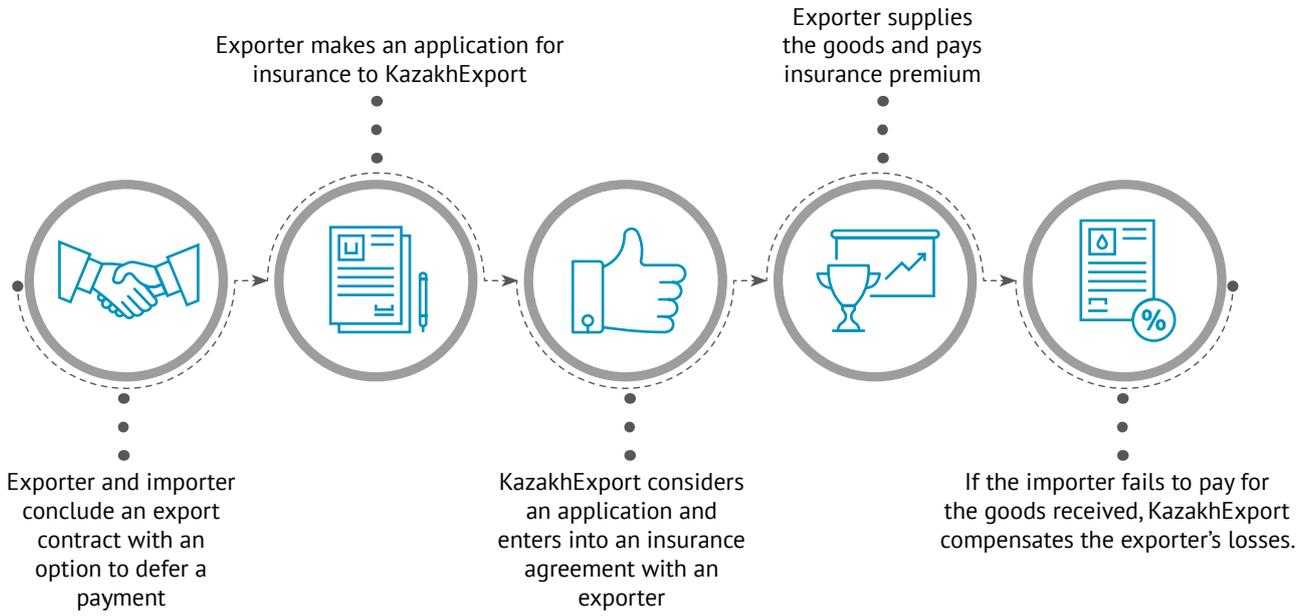
457 INSURANCE CONTRACTS

457 insurance contracts were signed (in 2019 – 485)

374 EXPORT CONTRACTS

The insurance support was provided within the scope of fulfillment of **374 export contracts** (in 2019 – 368 contracts)

INSURANCE PROCEDURE



OUR ADVANTAGES

- ◆ Opportunity of export on payment deferment conditions or increase of export sales volume subject to payment deferment.
- ◆ Expanding opportunities and improving lending conditions subject to insurance protection by KazakhExport, as insurance of KazakhExport is a security for bank credits.
- ◆ Decrease of losses upon occurrence of an insured event of political nature, when fulfillment of obligations under an export contract does not depend on a counter-partner abroad.
- ◆ Mitigation of payment risks since even subject to a guarantee, a risk is not excluded in full.
- ◆ Effective instrument for the strategy of “safe entry” to the new market.
- ◆ Protection of Kazakhstan investments abroad against political risks.
- ◆ Strategic planning based on revealed export risks.
- ◆ The export credits insurance procedure as a rule requires less expenses than issue of the letter of credit.
- ◆ Insurance of export credits is cheaper than factoring operations.



SUPPORT INSTRUMENTS

KazakhExport is the only insurance organization supporting export of domestic manufacturers products through the generally accepted international practices of insurance and it is an important element supporting the entrepreneurs from the stage of domestic goods manufacturing to sale thereof on the foreign markets.

Activity of KazakhExport, as a national development institution, is primarily based on the need and opportunity to cover commercial and political risks in order to support the national export of the goods, services, and investments to abroad.

KazakhExport provides insurance instruments to support the national export, which instruments are developed in accordance with the best world practices in the area of export credit insurance, as well as meet the needs of the potential and current customers to the maximum.

The available basic products are grouped in 3 types as per the type of customer:

- ◆ Products for exporters;
- ◆ Products for financial institutions;
- ◆ Products for investors.

Nº	Product Name	Brief Description of Products	Covered Risks
Products for exporters			
1	Export Credit Insurance	The product provides the exporter with protection against the risk of financial obligations non-fulfillment by a foreign counterparty when selling its goods /work /services for export with a deferred payment condition.	Commercial and political
2	Short-term accounts receivable insurance	The product is designed to protect exporters (as well as banks that provide them with financing) against the risk of non-payment by foreign buyers. With this product, the exporter can insure the entire portfolio of export contracts with deferred payment.	Commercial and political
3	Pre-export financing	Financing of an exporter to replenish working capital for the purpose of export products manufacturing or performing works and services for export.	Commercial and political
4	Insurance of the Exporter's civil legal liability for return of advance payments	The product provides an opportunity to obtain alternative financing in the form of advance payments from foreign counterparties, necessary to replenish working capital in order to manufacture export products or perform work and services for export.	Commercial and political
5	Insurance of the Exporter's civil legal liability under bonds	Raising financing by exporters in order to develop export potential, while the holders of bonds issued by exporters are secured against the risk of default.	Commercial and political
6	Insurance of the exporter's losses related to works fulfillment, services provision	Protection of the exporter against the risk of loss associated with failure by the foreign counterparty to fulfill the obligations under the contract in terms of non-acceptance of works fulfilled / services provided.	Commercial and political
Products for financial institutions and second-tier banks			
7	Insurance of the Export Letters of Credit	The product provides the exporter's bank (confirming bank) with protection against the risk of failure by the issuing bank which opened a documentary letter credit for the benefit of the exporter on behalf of the importer to fulfill its financial obligations.	Commercial and political
8	Export Trade Finance	Available financing is provided to the importer of Kazakhstani goods as part of a letter of credit settlement under export contracts.	Commercial and political
9	Insurance of loans	The product provides the opportunity to gain access to borrowed capital for development of export, subject to insufficient collateral and /or the lender's unwillingness to assume the full risk under the transaction.	Commercial and political
10	Project finance insurance	The product provides the opportunity to gain access to the borrowed capital for implementation of export-oriented investment projects.	Commercial and political

Nº	Product Name	Brief Description of Products	Covered Risks
11	Insurance of financial leasing	The product provides the opportunity to gain access to leasing products for purchase of equipment subject to insufficient pledge collateral and /or the lessor's unwillingness to assume full risk under the transaction.	Commercial and political
12	Insurance of the Exporter's civil-legal liability towards financial institutions	The product provides insurance coverage in the event of loss as a result of payment by the guarantor in favor of the beneficiary of the amount of money as provided for the issued guarantee on behalf of the exporter.	Commercial and political
13	Insurance of bank guarantees issued by a foreign bank	The product provides protection to financial institutions and exporters against the risk of a foreign bank's failure to fulfill its obligations under export contracts.	Commercial and political
14	Insurance of the Exporter's civil-legal liability for forward foreign currency transactions	Providing insurance coverage to banks against the risk of the exporters' failure to fulfill obligations under foreign exchange fixed-term contracts.	Commercial and political
15	Insurance of International factoring	Insurance protection of financial institution under factoring operations against the risk of non-fulfillment by foreign counterparties of their contractual obligations on payment for goods supplied by Kazakhstani enterprises.	Commercial and political
16	Insurance of a credit institution upon financing of a foreign counterparty	Insurance coverage of a credit institution for non-fulfillment by a foreign counterparty of obligations to repay the principal debt under a loan agreement for the purchase of Kazakhstani goods.	Commercial and political
17	Insurance of losses of financial organizations	Insurance coverage of a financial institution associated with the risk of losses as a result of financial services provision to exporters.	Commercial and political
Products for investors			
18	Insurance of Kazakhstani investments abroad	The product provides protection to the Kazakh investor against the risk of loss due to political risks in the country of investment in order to increase export.	Political



A wide range of insurance products provides maximum opportunities for risk management both to exporters and banks that finance export operations of Kazakhstani enterprises.

Opportunities and advantages for the exporter	Product
Check reliability of the foreign buyer free of charge	Export credit insurance
Insure the risk of non-payment by a foreign buyer	Insurance of short-term accounts receivable
	Insurance of bank guarantees issued by a foreign bank
	Insurance of the exporter's losses related to works fulfillment, services provision
Replenish working capital	Pre-export financing
	International factoring insurance
Financing to a foreign buyer for purchase of Kazakh goods	Insurance of export letters of credit
	Export trade financing
	Insurance of a credit institution with financing of a foreign counterparty
Receive an advance payment from a foreign buyer	Insurance of civil-legal liability of the exporter for return of advance payments
Raise capital by issuing bonds	Insurance of civil-legal liability of the bonds exporter
Get financing from the bank if there is shortage of collateral	Voluntary insurance of loans
	Voluntary insurance of project finance
	Insurance of financial organizations' losses
Sell or buy equipment by leasing	Voluntary insurance of financial leasing
Get a bank guarantee to participate in the tender	Insurance of civil-legal liability to financial organizations
	Insurance of losses of financial organizations
Hedge currency risks	Insurance of the exporter's civil-legal liability under the fixed-term foreign currency transactions
	Insurance of losses of financial organizations
Secure foreign investments	Insurance of investments



DEVELOPMENT STRATEGY



Taking into account the tasks of the “National Export Strategy of RK” for 2018–2022, the key strategic goals of KazakhExport are to increase the volume of supported export contracts and to increase the quantity of the exporters received financial support up to the target values. On the one hand, the development strategy of KazakhExport must contribute to growth of the number of exporters and volumes of non-resource export and, on the other hand, satisfy technologically and institutionally the requirements of the enlarging customer base under the conditions of increase in volumes of provided support. The strategic directions of KazakhExport development include improvement of the export support instruments, creation of conditions to increase the number of exporters and to enhance operating performance. As the part of its primary activity, KazakhExport provides the companies-exporters from the processing sector and the second-tier banks with the insurance coverage against payment risk in foreign trade transactions and guarantees safety of export transactions. The main objective of the government policy in the field of export is to diversify the export basket and ensure growth of non-resource export at outstripping rates.

Increase in the number of exporters who received financial support can be achieved through:

- ◆ Attraction of the current and potential exporters in the regions;
- ◆ Arrangement of business contacts through the foreign representative offices;
- ◆ Enhancing recognizability and awareness of KazakhExport activity.

Increase in the number of export transactions per supported exporter can be achieved through:

- ◆ creating a single Internet resource for the exporters (Digital Baiterek);
- ◆ cutting the cost of crediting and insurance services;
- ◆ enhancing the efficiency through of business processes automation.

DIRECTIONS OF STRATEGIC DEVELOPMENT

GRI 103-2

In accordance with the Development Strategy of “Export Insurance Company “KazakhExport” JSC for 2014–2023, approved by the resolution of the Company’s Board of Directors as of December 25, 2017, the key strategic goals of KazakhExport are to increase the volume of support for export contracts and increase in the number of exporters who received financial support. Based on the strategic goals, three strategic directions for

KazakhExport development were identified: improving export support tools, creating conditions for increasing the number of exporters and operational efficiency improvement.

Achievement of the Company’s strategic goals is assessed by the key performance indicators (KPI), grouped into three strategic areas:

Nº	Strategic Direction	Strategic KPI
1	Improvement of export support instruments	1) Export contracts amount 2) Volume of export revenue by enterprises using KazakhExport support tools 3) Volume of assumed insurance obligations 4) Number of exporters receiving KazakhExport support for the first time
2	Creation of conditions for exporters number increase	5) Volume of products manufactured by business entities that received support 6) Export contracts number
3	Enhancing operating performance	7) ROA



ACHIEVEMENT OF TARGET KPI EFFICIENCY VALUES IN 2020

№	Key performance indicator	Unit of measure	Year 2020		Absolute	Relative, %
			Target	Actual		
1	Export contracts amount	billion tenge	390	588.6	198.6	151%
2	Volume of export revenue by enterprises using KazakhExport support tools	billion tenge	328.2	647.2	319	197%
3	Volume of assumed insurance obligations	billion tenge	150	134.6	-15.4	90%
4	Number of exporters receiving KazakhExport support for the first time	units	25	40	15	160%
5	Volume of products manufactured by business entities that received support (with accumulations since 2014)	billion tenge	328.2	647.2	319	197%
6	Number of export contracts	units	353	374	21	106%
7	ROA	%	1	3.7	2.7	370%

According to the results of 2020, the strategic KPIs of the Company were achieved in full, except for KPI "Volume of assumed insurance obligations".

During the reporting year, the insurance contracts were concluded with 91 companies, including 71 small and medium-scale businesses, to the total amount of more than 134.6 billion tenge (in 2019 – 97 billion tenge). Failure to meet the planned value of KPI "The volume of assumed insurance obligations" in 2020 (fulfilled by 90%) was due to the general decline in economic activity caused by the COVID-19 pandemic. A number of countries, which are a traditional market for Kazakhstani exporters, have completely closed borders for a long period in order to restrain spread of the virus. In addition, in order to ensure food security and prevent price increases for certain categories of food products, the Government of Kazakhstan introduced restrictive measures on certain export items. Many exporting enterprises were forced to reduce production volumes to a level that would provide only domestic demand. At the same time, the total volume of provided export insurance increased by 1.4 times in comparison with 2019.

In 2020, 40 exporters received support from KazakhExport for the first time (42 in 2019), overfulfilment of the target number of new exporters was 160%. In 2020, 374 exporter contracts were supported (in 2019 – 368 contracts), the plan was fulfilled by 106%. The amount of export contracts concluded as part of the Company's support to exporters amounted to 588.6 billion tenge in 2020 (544 billion tenge in 2019), or 151% of the planned value. It is necessary to mention that the exporter, using KazakhExport support tools, can conclude more than one export contract.

For the reporting year, the volume of export earnings of enterprises using KazakhExport support tools, with accumulated accounting, amounted to 647.2 billion tenge (the plan was fulfilled to 197%). The Company's return on assets (ROA) amounted to 3.7% at the end of 2020, compared with the planned value of 1%.

ACTIVITIES OF FOREIGN REPRESENTATIVES

GRI 102-5

In 2020, 42 projects for insurance of export transactions were implemented through foreign representatives of KazakhExport, 39 foreign importers were attracted, insurance obligations were assumed to the amount of 9.6 billion tenge with a total volume of insurance premiums of 478.7 million tenge. With the assistance of the Company's foreign representatives, 181 opinions on reliability of foreign counterparties were issued, and 16 agreements and memorandums of cooperation were signed with foreign importers, retail chains, banks, insurance and reinsurance organizations and other financial institutions.

Among the projects with participation of foreign representatives of KazakhExport, implemented in 2020, the following can be distinguished:

- ◆ A foreign representative in the Republic of Tajikistan implemented major transactions for export of calcined petroleum coke products of "UPNK-PV" LLP within the framework of export trade financing under letters of credit issued on behalf of the State Unitary Enterprise "Tajik Aluminum Company", as well as the export of re-bars by "KSP Steel" LLP through export-trade financing of Tajik company "Mohir Tichorat" LLC.
- ◆ With the assistance of a foreign representative in the Republic of Uzbekistan, a project was implemented within the framework of trade financing between "SaryarkaAvtoProm" LLP and "Nurafshon Avtocentr" LLC for supply of the first batch of cars. Also, through export-trade financing, large transactions for export of rolled metal products of JSC "ArcelorMittal Temirtau" to Uzbek companies were implemented.
- ◆ One of successful projects implemented with assistance of foreign representatives in the Russian Federation is supply of fruits and vegetables to the Russian Federation. In particular, domestic products are in absolute demand in the Ural and Siberian federal districts. Thanks to the support measures of "EIC "KazakhExport" JSC, assistance was received by such Kazakhstani agricultural companies as: "AgroFood Kazakhstan" LLP, "Green Capital" LLP, "ArnauAgro" LLP.
- ◆ With the assistance of a foreign representative in the People's Republic of China, the projects under advance payment insurance contracts between "Kaz-Ir Agro" LLP and "Xi'an International Lugang Electronic Commerce Co., Ltd." were implemented for the first time, as well as under loan insurance contracts between "Altyn Shygys" LLP and three Chinese investors.
- ◆ Thanks to the new instrument, domestic enterprises exporting to the PRC will be able to attract working capital through advances.
- ◆ KazakhExport with the assistance of a foreign representative and partners Rupingtong (Wuhan) Import and Export Trade Co., Ltd. and Zhonghong Investment held two online seminars on the promotion of Kazakhstani products on electronic platforms in China. Chinese representatives spoke about the main requirements for participation on their electronic platform, about successful cases of import products sale through online channels.
- ◆ In 2020, KazakhExport took active part in the international government commissions with all countries having high export potential, especially with the bordering states.
- ◆ In November 2020, within the framework of a meeting between the Deputy Prime Minister of the Republic of Kazakhstan R. Sklyar and the Deputy Prime Minister – Minister of Investments and Foreign Trade of the Republic of Uzbekistan S. Umurzakov, the Agreement on Cooperation was signed between KazakhExport and JSCB "Qishloq Qurilish Bank".

In December 2020, within the framework of the First Eurasian Congress, the Eurasian Bank of Development (EBD) and KazakhExport signed memorandum of cooperation in the field of export promotion, aimed at expanding opportunities to increase the volume of Kazakhstani goods, works and services export.



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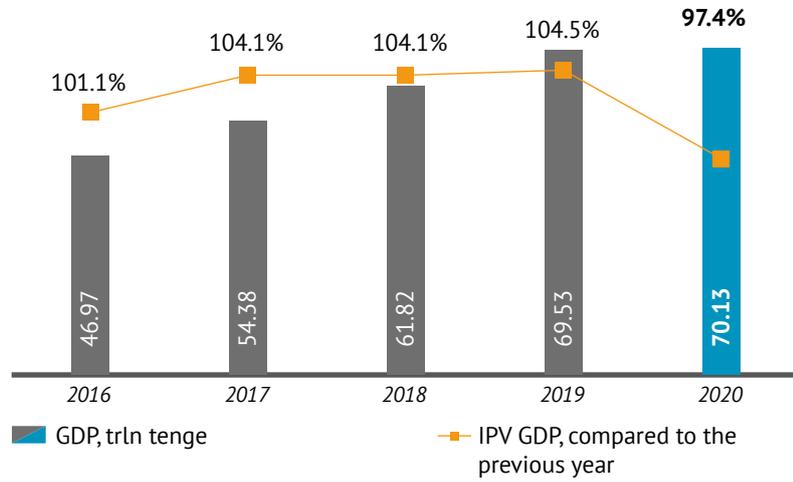
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OPERATING PERFORMANCE

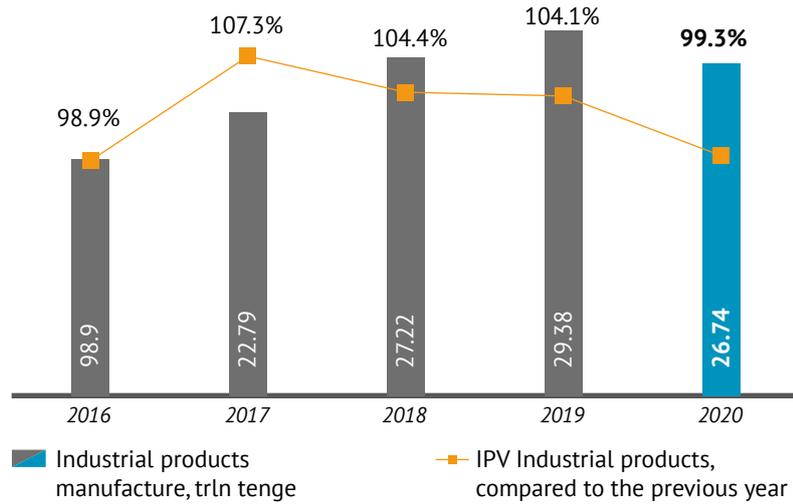


REVIEW OF EXTERNAL ENVIRONMENT GRI 102-6

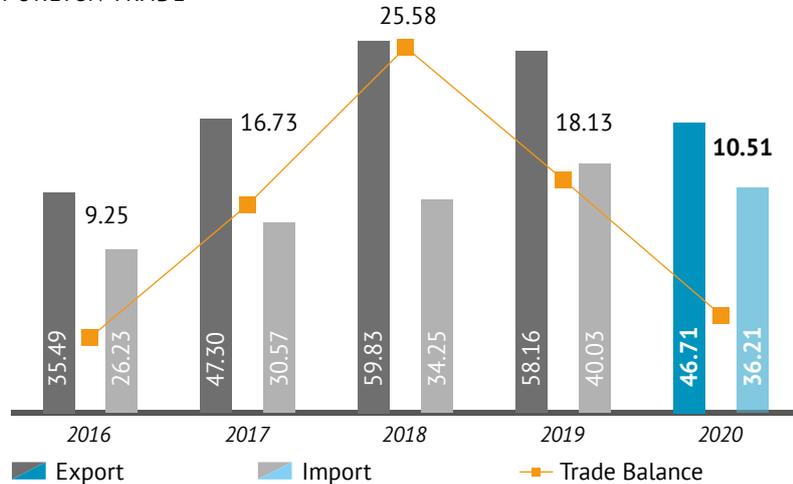
DYNAMICS OF GDP



INDUSTRIAL PRODUCTION



FOREIGN TRADE



In 2020, the volume of GDP in nominal terms amounted to 70.13 trillion tenge, which is 0.6 trillion tenge higher than the level of 2019. Nevertheless, in real terms, there was a 2.6% decline in GDP, primarily due to a 5.4% drop in service provision at the background of two lockdowns. At the same time, the GVA of agriculture increased in real terms by 5.6%, and construction industry – by 11.2%.

The volume of industrial production in 2020 decreased in physical terms by 0.7%. At the same time, the drop in production volumes in the mining industry amounted to 3.7%, while the manufacturing industry showed 3.9% increase. The negative growth rates of the mining industry were conditioned by a decrease in oil production under the OPEC + agreement.

In 2020, export of goods from Kazakhstan decreased by 19.5% compared to 2019, which was the main reason for deterioration of the trade balance compared to 2019.

Supplies of mineral raw materials to the external market decreased by 26%, or by \$10.85 billion in absolute terms. Nevertheless, the volume of non-resource exports remained practically unchanged (\$16.02 billion in 2020 against \$16.28 billion in 2019). Moreover, the volume of food products export increased by 13.9%, chemical products – by 7.1%, and vehicles – by 30.3%.

In 2020, 28 insurance companies operated in the insurance market of Kazakhstan, 19 of which were in the general insurance industry, and 9 were engaged in life insurance. The total assets of Kazakhstani insurance companies increased for 12 months of 2020 by 23.23% and amounted to 1,486.34 billion tenge, and equity capital increased by 20.26%. The total amount of premiums received has increased by 11.72%, while the amount of expenses for insurance indemnities decreased by 32.32%.

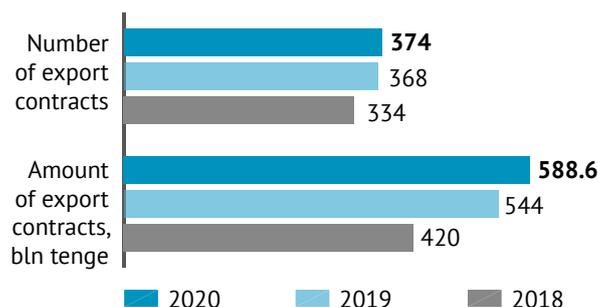
KEY INDICATORS OF KAZAKHSTANI INSURANCE SECTOR IN 2019–2020

	2019	2020	Change, %
Number of insurance companies at the end of the year	28	28	–
Assets, bln tenge at the end of the year	1,206.14	1,486.34	23.23%
Insurance reserves	570.21	685.60	20.24%
Equity capital, bln tenge at the end of the year	553.33	665.43	20.26%
Insurance premiums, bln tenge for the year	508.51	568.13	11.72%
Insurance indemnities, bln tenge for the year	221.50	149.92	–32.32%

INSURANCE ACTIVITY PERFORMANCE GRI 102-4

The majority of Kazakhstani insurance companies, within the framework of their licenses, can insure export loans and investments abroad against the risks of non-payment, but KazakhExport is the only insurance company that provides these services in the insurance market of Kazakhstan.

In 2020, the Company provided support while implementation of 374 export contracts to the total of 588.6 billion tenge, and the total amount of export contracts increased by 8.3% compared to 2019. The volume of assumed insurance obligations increased from 97 billion tenge in 2019 to 134.6 billion tenge in 2020. In 2020, 115 exporters received support, including 40 entities for the first time.



For 2020, the Company made insurance payments in the amount of 1,197,955,804.68 tenge, including 1,143,094,413.51 tenge – under loan insurance contracts, 54,861,391.17 tenge – under contracts of insurance against other financial losses. In addition, within the framework of incoming reinsurance, the Company made payments in the amount of 76,416,591.96 tenge.

INSURANCE OBLIGATIONS ASSUMED IN 2020 AS PER INSTRUMENTS

Instrument	Amount of insurance obligations, mln tenge	Share, % to the total
Insurance of loans	69,305.32	51.48%
Insurance of advance payment	18.70	0.01%
Insurance of export loans	15,860.97	11.78%
Insurance of export documentary letters of credit	24,272.38	18.03%
Insurance of short-term accounts receivable	14,002.77	10.40%
Insurance of international factoring	18.02	0.01%
Insurance of the exporter's civil-legal liability towards FI	7,943.26	5.90%
Insurance of losses of financial organizations	532.50	0.40%
Reinsurance	2,677.86	1.99%
Total	134,631.79	100.00%

INSURANCE OBLIGATIONS ASSUMED IN 2020, AS PER BRANCHES OF ECONOMY

Branch	Amount of insurance obligations, mln tenge	Share, % to the total
Food industry	43,883.83	32.60%
Mechanical engineering	34,822.73	25.87%
Metallurgy	18,459.78	13.71%
Export of services /works	16,791.63	12.47%
Chemical industry	12,341.04	9.17%
Agroindustrial complex – finished products	5,158.95	3.83%
Construction Materials	1,739.85	1.29%
Light industry	1,397.03	1.04%
Pharmaceuticals	36.94	0.03%
Total	134,631.79	100.00%

INSURANCE OBLIGATIONS ASSUMED IN 2020, AS PER COUNTRIES

Country	Volume of assumed obligations, mln tenge	Share, % to the total
Kazakhstan	68,269.02	50.71%
Russia	34,811.00	25.86%
Uzbekistan	26,855.06	19.95%
Tajikistan	1,228.20	0.91%
Kyrgyzstan	922.37	0.69%
Lithuania	545.89	0.41%
Azerbaijan	419.41	0.31%
Belarus	342.65	0.25%
Ukraine	317.27	0.24%
Germany	313.01	0.23%
Other	607.90	0.45%
Total	134,631.79	100.00%

MAJOR TRANSACTIONS, IMPLEMENTED WITH SUPPORT OF KAZAKHEXPORT IN 2020

Nº	Exporter	Insurance product	Branch	Products	Amount of assumed obligations
1	"Qaz Carbon" LLP	Insurance of loans	Chemical Industry	Coke oven products	11.5 billion tenge
2	"EVEREST TECHNO" LLP	Insurance of loans	Mechanical Engineering	Oilfield and drilling exploration equipment	10.7 billion tenge
3	"Altyn Shyghys" LLP	Insurance of loans	Food Industry	Crude oils and fats	8 billion tenge
4	"Bazis Construction" LLP	Insurance of the exporter's civil-legal liability towards FI	Export of services / works	Construction works / services	7.9 billion tenge
5	"Hyundai Trans Kazakhstan" LLP	Insurance of loans	Mechanical engineering	Automobiles	6.9 billion tenge
6	"Bayan Sulu" JSC	Insurance of export credits Insurance of short-term accounts receivable Insurance of loans	Food Industry	Confectionery	6.6 billion tenge
7	"Rakhat" JSC	Insurance of export documentary letters of credit Insurance of short-term accounts receivable	Food Industry	Confectionery	5.3 billion tenge
8	"AkOrda Capital" LLP	Insurance of loans Insurance of short-term accounts receivable Insurance of export credit	Food industry	Sausage products	5.3 billion tenge
9	"Novo-Aldzhansky Milling Plant" LLP	Insurance of loans Insurance of export credit	Food industry	Flour	2.5 billion tenge
10	"YDD Corporation" LLP	Insurance of export documentary letters of credit	Metallurgy	Ferrosilicon	2.2 billion tenge

“Qaz Carbon” LLP, Karagandy Region



The enterprise was founded in 2017 in the city of Karaganda. The main activities are production of coke for ferroalloy plants, within the framework of which it sorts, crushes and ships coal coke of 0–3 mm, 0–10 mm, 3–10 mm and 10–25 mm fraction. The production capacity is 20 thousand tons of coke per month.

The company also conducts foundry production of cast iron and steel products by conveyor method, performs individual hand-formed castings. The company produces cast iron grinding balls of 40–100 mm in diameter for concentration plants, cast iron cylpebs for construction industry, brake pads for railway transport, as well as shaped castings.

The enterprise began a three-stage modernization process, including the construction of a concentrator, a ferroalloy plant with a sinter plant and an increase of the existing production capacity. The project complies with the conditions of the State Program of Industrial and Innovative Development 2015–2019 and is included in the regional business support map “Business Road Map-2025”. The volume of investments in the project will amount to 47 billion tenge, 20% of which is the enterprise’s own share, 80% – financing under a credit facility from the “Development Bank of Kazakhstan” JSC.

Taking into account export orientation of the project, “Qaz Carbon” LLP received support from KazakhExport through insurance of a loan to the amount of 11.5 billion tenge.

“EVEREST TECHNO” LLP, Mangistau Region



“EVEREST TECHNO” LLP was established in 2019 and is located on the territory of “SEZ “Seaport-Aktau” JSC. It is a part of the holding company “Global Energy Kazakhstan A.T.A.” LLP, which is a supplier of goods and services in the oil and gas industry in Kazakhstan and abroad.

The company received insurance coverage from KazakhExport under a loan from “Halyk Bank of Kazakhstan” JSC, the purpose of which is to purchase equipment as part of the plant construction for industrial production of pump rods and couplings for them with subsequent export of finished products to the Russian Federation.

“Altyn Shyghys” LLP, East-Kazakhstan Region



“Altyn Shyghys” LLP is a subsidiary of “Sey-Nar” Production Complex” LLP. The main activity of the Sey-Nar group of companies is procurement, processing and sale of agricultural products.

“Altyn Shyghys” was established in order to implement the investment project for construction of a unified oil extraction plant.

The products of “Altyn Shyghys” LLP will be focused not only to meet the needs of the domestic market through import substitution, but also to develop the export potential of the Republic of Kazakhstan. KazakhExport provided support to the company through provision of insurance coverage in the amount of 8 billion tenge as collateral under loans from “Halyk Bank of Kazakhstan” JSC received for construction of oil plant. Thanks to implementation of the project, it is planned to create 80 jobs. The domestically manufactured oil will be exported to China and Uzbekistan. Establishment of oil plant is scheduled for the summer of 2022.

“Bazis Construction” LLP, city of Almaty



LLP “Bazis Construction” is a construction division of the group of companies “Basis-A”. The company employs 8,200 people.

In order to expand the geography of its activities, the company is implementing a project for construction of an administrative building in Tashkent, Republic of Uzbekistan.

The bank guarantee issued to the enterprise is insured by KazakhExport using “Insurance of the exporter’s civil-legal liability to a financial institution” tool for a total amount of 7.9 billion tenge.

“Hyundai Trans Kazakhstan” LLP, Almaty



The domestic plant for passenger cars production, “Hyundai Trans Kazakhstan” LLP (a subsidiary of “Astana Motors”) is equipped with the latest equipment made in South Korea, including the shops for welding, painting, assembly, painting of plastic parts and a component warehouse.

The first SKD vehicle rolled off the line in April 2020. In autumn 2020, a small-node assembly line, including welding and painting operations was launched.

“Development Bank of Kazakhstan” JSC financed the pre-export operation of “Hyundai Trans Kazakhstan” plant for the supply of Hyundai cars to Uzbekistan, and KazakhExport insured a loan to the amount of 6.9 billion tenge. Provision of insurance coverage is due to the need to purchase vehicle kits for production of cars with subsequent sale for export.

JSC “Bayan Sulu”, Kostanai Region



“Bayan Sulu” JSC is one of the largest enterprises in the Republic of Kazakhstan for production of confectionery products. The factory was founded in December 1974 and today exports about 30% of its total production capacity.

The products are sent to such countries as Russia, China, Germany, Uzbekistan, Tajikistan, Kyrgyzstan, Mongolia and Azerbaijan. Almost 20 thousand tons of chocolate, biscuits, caramel and other sweets manufactured by the Kazakhstani factory are consumed in the world annually.

Thanks to the state support provided to the factory by KazakhExport in form of voluntary insurance of loans of the “Development Bank of Kazakhstan” JSC, the company has the opportunity to replenish its working capital. Also, by insuring the risks of non-payment under the contracts with foreign buyers, “Bayan Sulu” JSC is systematically increasing its exports.

Export of the enterprise for 2020 amounted more than 19 thousand tons of finished products, than 15 thousand tons of which more were exported with the insurance support of KazakhExport.

JSC “Rakhat”, Almaty



JSC “Rakhat” is one of the largest manufacturers of confectionery products in Kazakhstan with more than 75-year history. Production facilities are located at two sites in Almaty and Shymkent. The assortment portfolio of “Rakhat” JSC includes more than 400 different types of confectionery products belonging to 14 different groups.

Currently, the products of “Rakhat” JSC are known not only in Kazakhstan market, but also far beyond the borders of the republic – on the territory of Russia, Belarus, Azerbaijan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tajikistan, Germany, China, Afghanistan, Mongolia.

In the future, due to the interest in the products of “Rakhat” JSC from other CIS republics and far abroad, the company plans to increase production volumes and expand sales markets by increasing export volumes.

Using the instruments of KazakhExport, the factory insured its deliveries to counterparties to whom it supplies goods with deferred payment, to Tajikistan, Uzbekistan, Azerbaijan, the Russian Federation, Mongolia, Germany.

Through use of the “Export Trade Finance” product, KazakhExport provided concessional financing in rubles to the Russian importer of “Rakhat” JSC for purchase of products in the amount of 410 million tenge.

“AkOrda Capital” LLP, Karagandy Region

The main activity of the enterprise is processing of cattle, pork, chicken. In 2020, the enterprise produced more than 3 thousand tons of meat products. The export figures, despite the coronavirus crisis, were increased by 5% in comparison with 2019.

Including more than 932 tons of products to the amount of 4.1 billion tenge were sold to the Russian Federation. The products were insured through the KazakhExport tool.

Also, thanks to the support of KazakhExport, the enterprise has the opportunity to replenish its working capital through “Agrarian Credit Corporation” JSC, “Eurasian Bank” JSC.

“Novo-Aldzhansky Milling Plant” LLP, Aktyubinsk Region

The “Novo-Aldzhansky Milling Plant” is a manufacturer with a 25-year history. The enterprise has a procurement elevator with a total capacity of more than 104 thousand tons, which commenced its work in 1983, an industrial elevator with a capacity of 31.35 thousand tons, launched in 1990. The same year, a three-grade grinding mill with a capacity of 500 tons per day was put into operation, with the analogue Swiss equipment. The company employs over 300 people.

“Novo-Aldzhansky Milling Plant” is the largest flour producer in Aktobe region and monthly produces 8,000 tons of products on average under Granum trademark. The products are focused on both the domestic and foreign markets and are exported to Uzbekistan, Afghanistan, Russia, Turkmenistan, China.

KazakhExport provides the company with the insurance coverage for obligations to replenish working capital towards “Halyk Bank of Kazakhstan” JSC.

“YDD Corporation” LLP, Karaganda Region

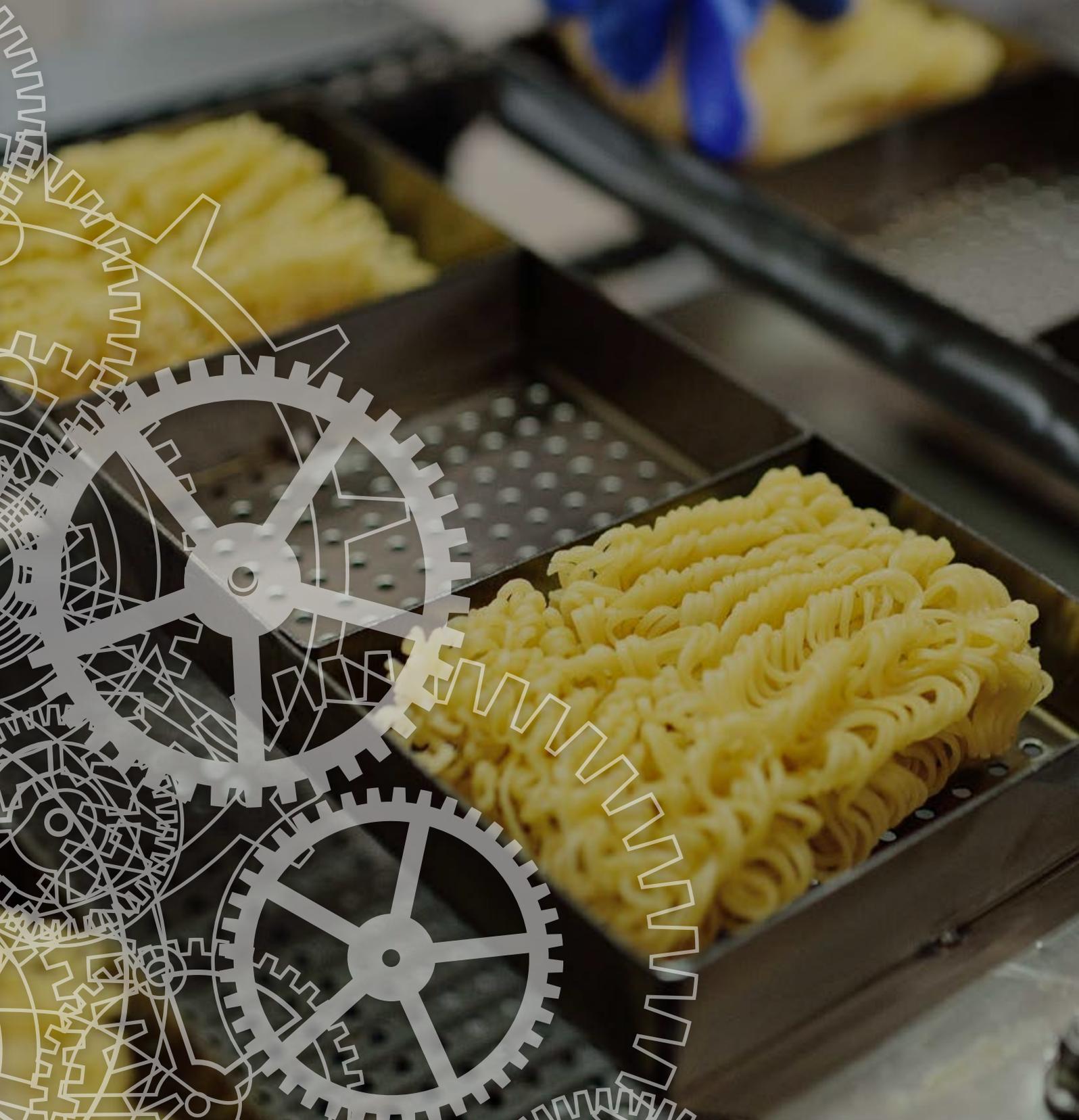
The official opening of “YDD Corporation” ferroalloy plant took place in July 2019. Currently, the plant operates three electric arc furnaces with a capacity of 85 MVA, this allows the enterprise to produce 180 thousand tons of finished products annually. During the construction phase, more than 1,500 jobs were created, and while operation, 550 people are employed.

The plant was built using the latest technologies, the production process is fully automated. The plant's product is the high-quality ferrosilicon (FeSi75) – it is used as a deoxidizing and alloying additive in smelting of electrical, coil-sprung, anti-corrosion and heat-resistant steels. In general, this type of ferroalloys is used everywhere in the world, namely to improve the quality of metal structures in industrial and civil construction, in automobile, aircraft and shipbuilding, in high-precision surgical instruments manufacture. The manufactured products are diverse and vary from 45 to 75%, depending on the percentage of silicon. Thanks to the operation of the crushing and screening complex, the product is produced in a wide range of fractions – from 0 to 315 mm.

The plant has implemented a unique system for cleaning exhaust gases not having analogs in the world, which creates high degree of air filtration – up to 99.8%. This complex captures dust from production and turns it into a by-product – microsilica, which then can be used to produce high-quality cement and concrete.

The enterprise uses such KazakhExport instrument as “Export Trade Finance” in the Russian Federation.

FINANCIAL PERFORMANCE



GRI 201-1, 201-4

In 2020, KazakhExport's equity capital increased from 79.19 to 109.44 billion tenge, mainly due to additional capitalization. The assets of the Company increased from 88.20 to 122.87 billion tenge, mainly due to growth of items related to investments in securities and placement of funds on bank deposits. Increase of liabilities from 9.01 to 13.43 billion tenge was due to growth of reserves under insurance contracts.

Accrued insurance premiums for 2020 amounted to 3.75 billion tenge (an increase of 64.47% compared to 2019). The insurance premiums earned reached 1.78 billion tenge, which is 13.38% more than at the end of 2019.

Profit before income tax increased by 67.41% compared to 2019 and amounted to 4.52 billion tenge.

	2020	2019	Change, %
Balance sheet structure, bln tenge as of the year end			
Assets	122.87	88.20	39.31%
Liabilities	13.43	9.01	49.06%
Equity Capital	109.44	79.19	38.20%
Incomes, expenses and profit (material items), bln tenge for the year			
Accrued insurance premiums, net	3.75	2.28	64.47%
Insurance premiums earned, net	1.78	1.57	13.38%
Claims paid, net	(1.27)	(0.24)	429.17%
<i>Net interest income</i>	7.21	4.83	49.28%
<i>Net income from foreign exchange transactions</i>	1.15	0.62	85.48%
<i>General administrative expenses</i>	(1.76)	(1.65)	6.67%
Profit before income tax	4.52	2.70	67.41%
<i>Income tax expense</i>	(0.65)	(0.34)	91.18%
Profit for the year	3.86	2.36	63.56%

3.75 BILLION
TENGE

Accrued insurance premiums for 2020 amounted to **3.75 billion tenge**

1.78 BILLION
TENGE

The insurance premiums earned reached **1.78 billion tenge**

PROCUREMENT PRACTICE



GRI 103-2, 204-1

Procurement procedures in KazakhExport are conducted in accordance with the Rules for procurement of goods, works, services by national management holdings, national holdings, national companies and organizations, fifty or more percent of which voting shares (shareholding in the authorized capital) directly or indirectly belong to the national management holding, a national holding, a national company, which were approved by the order of the First Deputy Prime Minister of the Republic of Kazakhstan – the Minister of Finance of the Republic of Kazakhstan as of October 31, 2019 № 1201.

In order to improve the quality of procurement procedures, the Company has introduced the modern e-procurement tools. So, in particular, the Company continues to use the Internet platform for electronic procurement of the Eurasian electronic portal – eep.mitwork.kz, where any potential supplier can register and submit relevant applications.

In order to comply with the generally accepted principles of procurement, including optimal and efficient use of money used for procurement, as well as openness and transparency of the procurement process, the Company seeks to increase the competitive mass of potential suppliers and competition among them.

Since mid-2020, the Company, in addition to publishing on the procurement portal eep.mitwork.kz, as well as sending newsletters about planned procurements to potential suppliers, timely posting of the Procurement Plan and changes to it on its official website, began to mirror information announcements on the goszakup.gov.kz public procurement portal, on which the maximum number of potential suppliers is registered. This approach allows increasing the bankruptcy assets of potential suppliers by more than 2 times, thereby increasing the level of competition, and saving up to 30–40% of the total planned annual budget of the Company.

In order to effectively implement these and other tasks in the field of procurement of the quasi-public sector, in 2020, the Procurement Department was created in the Company, and for control functions in the Holding – the Centralized Procurement Control Service.

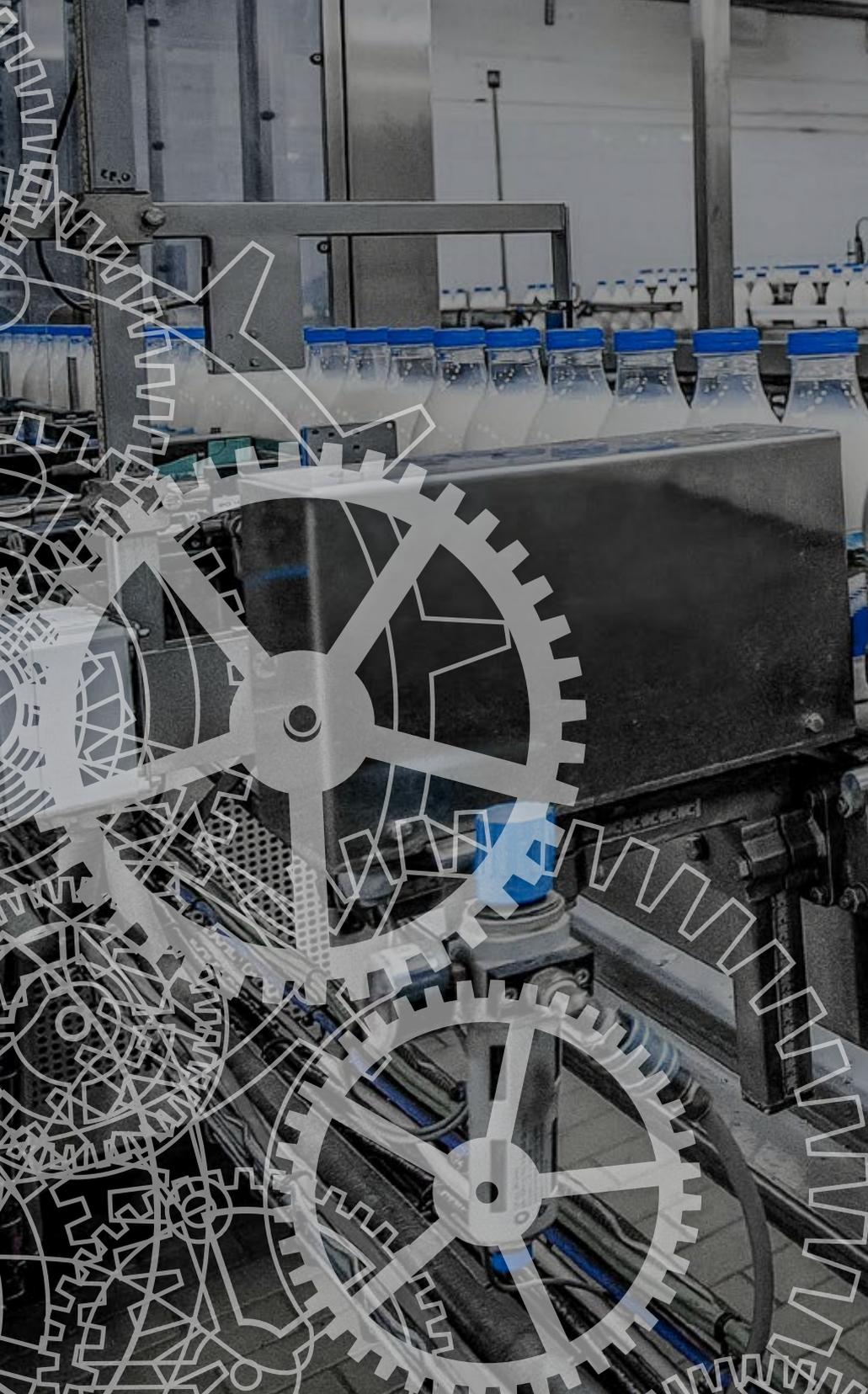
In addition, in order to establish liability for violations, the Company's purchases are subject to the norms of the Code of the Republic of Kazakhstan "On Administrative Offenses" and the Law of the Republic of Kazakhstan "On State Property".

The total volume of goods, works and services purchased by the Company in 2020 amounted to 578 million tenge (services – 436 million tenge, goods – 103 million tenge, works – 6 million tenge); 120 companies were suppliers. The total share of local content in goods, works and services purchased in 2020 exceeded 70%.

Within the framework of measures for improvement of the Company's procurement procedures transparency, the share of purchases from a single source by direct conclusion of agreement decreased from 36% in 2019 to 25% in 2020.

It is necessary to mention that selection of a supplier for purchases from one source is made by tender method.

FURTHER PLANS AND TASKS



- ◆ Providing comprehensive support to exporters to the amount of up to **200 billion tenge** under insurance and reinsurance contracts and to the amount of **37.1 billion tenge** within the framework of export trade and pre-export financing.
- ◆ Capitalization of KazakhExport to the amount of **5 billion tenge**.
- ◆ Increasing the limit of the state guarantee with export support.
- ◆ Supporting adoption of a mechanism for subsidizing the rate of trade financing of foreign buyers of domestic processed goods and services, implemented in the draft Law of the Republic of Kazakhstan "On Industrial Policy", which is under consideration of the Mazhilis of the Parliament of the Republic of Kazakhstan.
- ◆ Supporting the procedure for agreeing with state bodies and organizations of draft Laws of the Republic of Kazakhstan "On Export Credit Agency of the Republic of Kazakhstan", established on the basis of the Company, and "On Amendments and Supplements to Certain Legislative Acts of the Republic of Kazakhstan on Ensuring Measures for Development and Promotion of Export of goods (works, services) of Kazakhstani Origin to Foreign Markets", which are developed by the Ministry of Trade and Integration of the Republic of Kazakhstan.

5 BILLION
TENGE

*Capitalization of KazakhExport to
the amount of 5 billion tenge.*



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE SYSTEM AND THE PRINCIPLES THEREOF

KazakhExport views corporate governance as a means for improvement of the Company's efficiency, strengthening its reputation and decreasing costs of raising capital. KazakhExport considers the appropriate corporate governance system as its contribution in ensuring the rule of law in the Republic of Kazakhstan and a factor that determines the place of KazakhExport in the modern economy and society as a whole.

In order to provide compliance of the Company's corporate governance with the relevant standards of the Organization for Economic Cooperation and Development, KazakhExport has adopted the Corporate Governance Code (hereinafter – the Code) – a set of rules and recommendations that KazakhExport follows in the course of its activities to ensure efficiency, transparency, accountability, and a high level of business ethics in relations within the Company and with other interested parties.

In 2020 KazakhExport took measures aimed at compliance with the principles and provisions provided for in the Corporate Governance Code of JSC “Export Insurance Company “KazakhExport”, approved by the resolution of the Management Board of JSC “National Management Holding “Baiterek” as of December 13, 2017 № 51/17 (as amended as of December 25, 2019 № 61/19).

The company has prepared a report on compliance with the principles and provisions of the Corporate Governance Code for 2020, which contains the results of monitoring compliance with the Corporate Governance Code and detailed information on the measures taken to implement its principles and provisions. According to the report, the Company complies with the principles and provisions of the Corporate Governance Code and is constantly working to improve corporate governance procedures.

CORPORATE GOVERNANCE PRINCIPLES

The corporate governance of KazakhExport is based on fairness, honesty, responsibility, transparency, professionalism, and competence. The Company's corporate governance system provides for clear delineation of responsibilities and liability among the bodies, officials, and employees of KazakhExport.

The basic principles of the Company's corporate governance are:

- ◆ principle of power delineation;
- ◆ principle of protection of the Sole Shareholder's rights and interests;
- ◆ principle of effective management of KazakhExport by the Board of Directors and the Management Board;
- ◆ principle of sustainable development;
- ◆ principle of risk management, internal control and internal audit;
- ◆ principle of settlement of corporate conflicts and a conflict of interest;
- ◆ principles of transparency and impartiality of information disclosure.

SHAREHOLDER EQUITY

As of December 31, 2020, the authorized capital of the Company is 100,100,000,000 (one hundred billion one hundred million) tenge, the number of authorized ordinary shares is 92,000 (ninety two thousand),

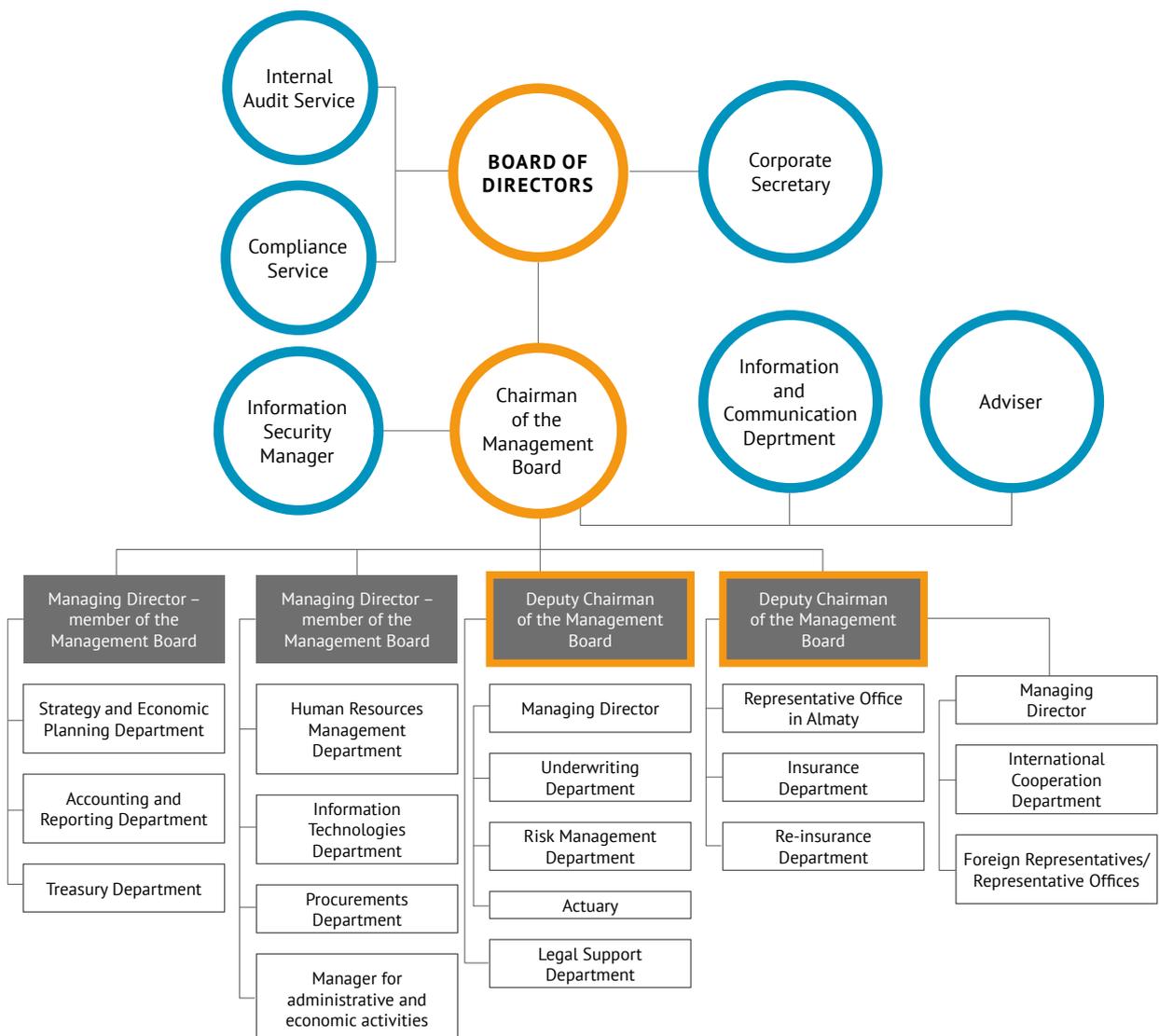
the number of outstanding 91,340 (ninety one thousand three hundred forty) shares. JSC “NMH “Baiterek” is the 100% holder of the outstanding shares.

PAYMENT OF DIVIDENDS

According to the Procedure for determining the amount of dividends paid by subsidiaries of JSC “NMH “Baiterek”, the target amount of dividends to be paid is 30% of the consolidated net profit. In this regard, the Company paid dividends for 2017 and 2018 in the amount of 30% of net profit (639 million tenge and 475 million tenge, respectively).

In pursuance of the instructions of the President of the Republic of Kazakhstan K.K. Tokayev on the situation with coronavirus and anti-crisis measures as of 23.03.2020 (sub-clause 34) clause 2 of the Minutes of the meeting of the State Emergency Commission) The Company paid dividends in the amount of 100% of the net profit received in 2019, in the amount of about 2.36 billion tenge.

ORGANIZATIONAL STRUCTURE GRI 102-10, 102-18



THE BOARD OF DIRECTORS

The Company's Board of Directors is formed from persons proposed (recommended) for election to the Board of Directors as representatives of the Sole Shareholder, individuals who have not been proposed (not recommended) for election to the Board of Directors as a representative of the Sole Shareholder.

Composition of the Company's Board of Directors and its Committees should provide for a balance of skills, experience and knowledge of their members, taking into account the industry specifics of the Company's activities, the scale of activities, issues considered by the committees of the Board of Directors, allowing to ensure adoption of independent, objective and effective decisions in the interests of the Company and the Sole Shareholder.

The quantitative composition of the Company's Board of Directors is determined by the Sole Shareholder. Composition of the Company's Board of Directors is established individually, taking into account the scale of activities, current tasks, development strategy and/or development plan and financial opportunities.

The Sole Shareholder elects the members of the Company's Board of Directors according to the procedure determined by the legislation of the Republic of Kazakhstan, the charter and internal documents of the Company, taking into account the competencies, skills, achievements, business reputation and professional experience of the candidates.

In case of re-election of individual members of the Company's Board of Directors or its entire composition for a new term, the results of assessment of the Board of Directors members performance shall be taken into account.

When selecting candidates to the Company's Board of Directors the following shall be taken into consideration:

- 1) work experience in management positions;
- 2) work experience as a member of the Board of Directors;
- 3) work experience;

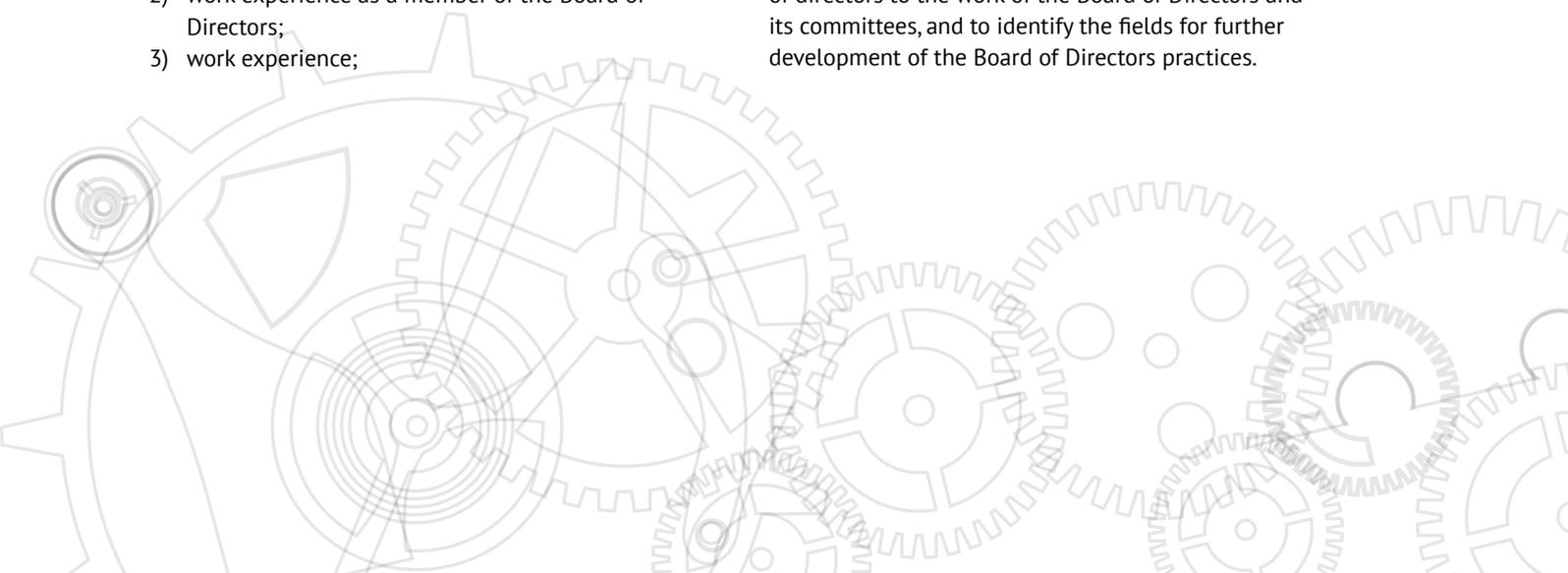
- 4) education, specialty, including international certificates availability;
- 5) availability of competencies in areas and industries (industries may vary depending on the portfolio of assets);
- 6) business reputation;
- 7) existence of direct or potential conflict of interest.

The term of office of the members of the Company's Board of Directors coincides with the term of office of the entire Company's Board of Directors, unless otherwise is determined by the decision of the Sole Shareholder, and expires at the time when the Sole Shareholder makes a decision to elect new Board of Directors. The Sole Shareholder has the right to terminate the powers of all or some members of the Company's Board of Directors before term.

One and the same person from number of independent directors cannot be elected to the Company's Board of Directors for more than nine consecutive years (for example, three three-year terms). In the exceptional cases, election for a term of more than nine years is allowed, while election of such person to the Company's Board of Directors takes place annually or at some other time, with a detailed explanation of the need to elect such member of the Board of Directors and the impact of this fact on independence of decision-making.

In accordance with the Code of Corporate Governance, Regulations on Assessment of activities of KazakhExport Board of Directors – the effectiveness of the Board of Directors is assessed on the annual basis. Moreover, once every three years, such assessment shall be made with involvement of an independent professional organization.

The key task for assessment of efficiency is to obtain the objective information on the current activities of the Board of Directors, committees, the Corporate Secretary and the balance of the Board of Directors composition, to analyze the individual contribution of directors to the work of the Board of Directors and its committees, and to identify the fields for further development of the Board of Directors practices.



Members of the Board of Directors as of December 31, 2020

	Position in the Board of Directors of KazakhExport, full name	Period	Position In the principal place of work
	Chairman of the Board of Directors Sultanov Bakhyt Turlykhanovich	21.08.2019 – current time	Minister of Trade and Integration of the Republic of Kazakhstan
	Member of the Board of Directors Azamat Askaruly	06.11.2019 – current time	Vice-Minister of Trade and Integration of the Republic of Kazakhstan from 24.12.2020 – General Director of “Center for Trade Policy Development “QazTrade”
	Member of the Board of Directors Arifkhanov Aidar Abdrazakhovich	08.02.2017 – 31.01.2018 08.02.2017 – 21.05.2019 22.05.2019 – current time	Chairman of the Management Board of “Baiterek “NMH” JSC
	Member of the Board of Directors Omarov Marat Talgatovich	22.01.2020–28.10.2020	Managing Director – member of the Management Board of “Baiterek “NMH” JSC
	Member of the Board of Directors Karagoishyn Rustam Timurovich	28.10.2020 – current time	Deputy Chairman of the Management Board of “Baiterek “NMH” JSC
	Member of the Board of Directors Iskakov Ruslan Viktorovich	15.02.2016 – 31.01.2018 15.02.2016 – 21.05.2019 22.05.2019 – current time	Chairman of the Management Board of JSC “EIC “KazakhExport”
	Member of the Board of Directors – Independent Director Suyentayev Damir Serkbayevich	15.02.2016 – 31.01.2018 15.02.2016 – 21.05.2019 22.05.2019 – current time	
	Member of the Board of Directors – Independent Director Samakova Aitkul Baigaziyevna	13.09.2016 – 31.01.2018 13.09.2016 – 21.05.2019 22.05.2019 – current time	
	Member of the Board of Directors – Independent Director Dildyayev Yaroslav Grigoriyevich	13.09.2017 – 31.01.2018 13.09.2017 – 21.05.2019 22.05.2019 – current time	
	Member of the Board of Directors – Independent Director Michael Weinstein	22.05.2019 – current time	

During 2020, the Sole Shareholder of KazakhExport made the following decisions to change composition of the Board of Directors.

election of a member of the Board of Directors of JSC “EIC “KazakhExport” (minutes of the Management Board of JSC “NMH “Baiterek” as of January 22, 2020 № 05/20):

1. Elect Omarov Marat Talgatovich as a member of the Board of Directors of Joint Stock Company “Export Insurance Company “KazakhExport” and as a representative of the Sole Shareholder with the term of office till expiration of the term of office of the Board of Directors of Joint Stock Company “Export Insurance Company “KazakhExport” as a whole.
2. The Chairman of the Management Board of the Joint Stock Company “Export Insurance Company “KazakhExport” is to take the necessary measures arising from this decision.
3. This decision is the decision of the Sole Shareholder Joint Stock Company “Export Insurance Company “KazakhExport” and comes into force on May 2, 2019.

On early termination of powers and election of a member of the Board of Directors of Joint Stock Company “Export Insurance Company “KazakhExport” (minutes of the Management Board of “NMH “Baiterek” JSC as of October 28, 2020 № 53/20):

1. Terminate before term the powers of a member of the Board of Directors of Joint Stock Company “Export Insurance Company “KazakhExport” Omarov Marat Talgatovich from October 21, 2020.
2. Elect Karagoyschin Rustam Timurovich a member of the Board of Directors of Joint Stock Company “Export Insurance Company “KazakhExport” as a representative of the Sole Shareholder with the term of office until expiration of the term of office of the Board of Directors of Joint Stock Company “Export Insurance Company “KazakhExport”.
3. The Chairman of the Management Board of Joint Stock Company “Export Insurance Company “KazakhExport” is to take measures arising from this decision.
4. This decision is the decision of the Sole Shareholder of Joint Stock Company “Export Insurance Company “KazakhExport”.

Report on Activities of the Board of Directors

During 2020, the KazakhExport Board of Directors held 14 meetings: 8 meetings in person and 6 in absentia. The materials, explanatory notes for a comprehensive consideration of issues were sent to the Chairman and members of the Board of Directors of KazakhExport within the time frame established by the Regulations on the Board of Directors, 10 (ten) business days before the date of the meeting.

During 2020, the Chairman and members of the KazakhExport Board of Directors duly attended and actively participated in meetings.

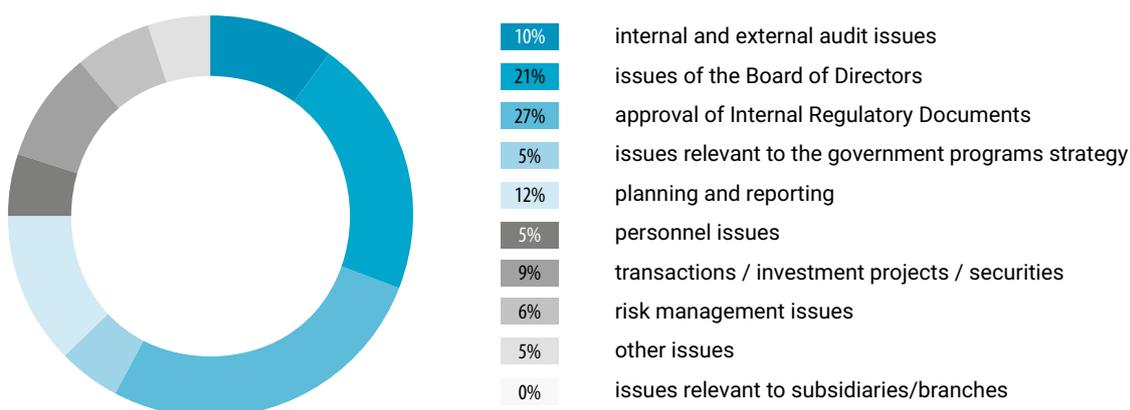
Attendance percentage of meetings by the Chairman and members of the Board of Directors of KazakhExport during the reporting period is 93%.

Full Name	In present	In absentia
Sultanov Bakhyt Turlykhanovich	7*/8*	6*/6**
Iskakov Ruslan Viktorovich	8*/8*	6*/6**
Suyentayev Damir Serkbayevich	8*/8*	6*/6**
Samakova Aitkul Baigazyevna	8*/8*	6*/6**
Michael Weinstein	7*/8*	6*/6**
Arifkhanov Aidar Abdrakhovich	5*/8*	5*/6**
Dilyaev Yaroslav Grigoriyevich	8*/8*	6*/6**
Omarov Marat Talgatovich	5*/5*	4*/6**
Azamat Askaruly	7*/8*	6*/6**
Karagoishin Rustam Timurovich	3*/3*	2*/2**

* Total number of meetings attended by a member of the Board of Directors.

** Total number of meetings in which a member of the Board of Directors could take part.

During 2020, 128 issues were considered at the meetings of the Board of Directors of “KazakhExport”.



Committees of the Board of Directors

In order to improve the efficiency of the development management of KazakhExport through development of comprehensively substantiated recommendations to the Board of Directors, KazakhExport has established and operates three consulting and advisory bodies (the Committees).

AUDIT COMMITTEE

Nº	Full Name	Position
1	Chairman of the Committee Suyentayev Damir Serkbayevich	Member of the Board of Directors – Independent Director
2	Member of the Committee Karagoishin Rustam Timurovich	Member of the Board of Directors, representative of the Sole Shareholder
3	Member of the Committee Samakova Aitkul Baigaziyevna	Member of the Board of Directors – Independent Director
4	Member of the Committee Dildyaev Yaroslav Grigoriyevich	Member of the Board of Directors – Independent Director

PERSONNEL, REMUNERATION AND SOCIAL ISSUES COMMITTEE

Nº	Full Name	Position
1	Chairman of the Committee Samakova Aitkul Baigaziyevna	Member of the Board of Directors – Independent Director
2	Member of the Committee Karagoishin Rustam Timurovich	Member of the Board of Directors, representative of the Sole Shareholder
3	Member of the Committee Suyentayev Damir Serkbayevich	Member of the Board of Directors – Independent Director
4	Member of the Committee Dildyaev Yaroslav Grigoriyevich	Member of the Board of Directors – Independent Director

STRATEGIC PLANNING COMMITTEE

Nº	Chairman, members, experts of the Strategic Planning Committee Board of Directors	Full Name	Position
1	Chairman of the Committee	Dildyaev Yaroslav Grigoriyevich	Member of the Board of Directors – Independent Director
2	Member of the Committee	Karagoishin Rustam Timurovich	Member of the Board of Directors, representative of the Sole Shareholder
3	Member of the Committee	Samakova Aitkul Baigaziyevna	Member of the Board of Directors – Independent Director
4	Member of the Committee	Suyentayev Damir Serkbayevich	Member of the Board of Directors – Independent Director
5	Expert without the right to vote	Mamekov Murat Mamyuly	Project Manager of the Asset Management Department of JSC “NMH” Baiterek”

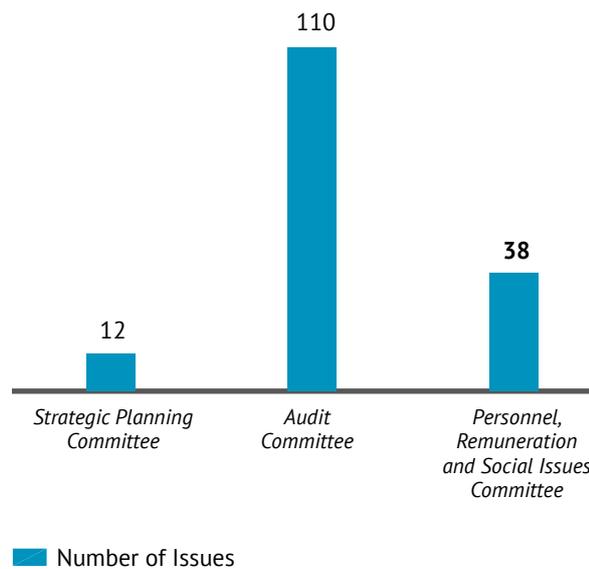
All proposals developed by the Committees are recommendations that are submitted for consideration to KazakhExport Board of Directors.

In order to comply with the best corporate governance practices, the Committees include experts (without the right to vote) who have the necessary professional knowledge to work in a particular committee from among the employees of the relevant departments of "Baiterek" NMH" JSC. The Secretary of the Committees during 2020 was the Corporate Secretary of KazakhExport Uralbayeva A.R.

During 2020, the Committees of the KazakhExport Board of Directors held the meetings in person at KazakhExport and via video conference.

160 ISSUES

During 2020, the Committees of the Board of Directors of KazakhExport considered **160 issues**.



THE MANAGEMENT BOARD

Management Board Members in 2020:

Nº	Position, full name	Period (date, month, year)	Date of admission to the Management Board
1	Iskako Ruslan Victorovich	15.02.2016 – current time	Elected on 15.02.2016 in accordance with the decision of the Sole Shareholder of the Company (minutes of the Management Board of "Baiterek" NMH" JSC as of 11.02.2016 № 05/16).
2	Deputy Chairman of the Management Board Bekkhochin Yerdan Yerlanovich	02.10.2014 – current time	Elected on 02.10.2014 (decision of the Board of Directors of JSC "EIC "KazakhExport" as of 30.09.2014 № 83).
3	Deputy Chairman of the Management Board Kaligazin Aslan Yermekovich	01.10.2018 – current time	Elected on 01.10.2018 (decision of the Board of Directors of JSC "EIC "KazakhExport" as of 26.09.2018 № 8).
4	Managing Director – Member of the Management Board Zhaksybayev Rauan Omirbekovich	12.07.2016 – current time	Elected on 12.07.2016 (decision of the Board of Directors of JSC "EIC "KazakhExport" as of 12.07.2016 № 104).
5	Managing Director – Member of the Management Board Zholdybekov Kuat Tolegenovich	17.10.2016 – 17.03.2020	Elected on 17.10.2016 (decision of the Board of Directors of JSC "EIC "KazakhExport" as of 14.10.2016 № 106).

During the reporting period, the Management Board of KazakhExport held 86 in-person meetings, where 369 issues were considered, and the appropriate decisions were made on them.

ISSUES CONSIDERED AT THE MEETINGS OF THE MANAGEMENT BOARD IN COMPARISON WITH 2019/2020 PERIOD:

Subject	Number of issues considered in 2019	Number of issues considered in 2020	Deviation
Audit Issues	33	31	-6%
Risk management and internal control issues	8	13	+63%
Personnel Issues	41	41	-
Planning and reporting	58	76	+31%
Transactions/ investment projects / securities	67	98	+46%
Issues related to approval of internal regulating documentation	70	91	+30%
Other issues	27	19	-30%
Total:	304 issues	369 issues	+ 21%

MANAGEMENT REMUNERATION

The basic principles of remuneration to the members of the Management Board of KazakhExport are reflected in the Rules of Labor Remuneration, Performance Evaluation and Remuneration of Executives of Joint-Stock Company "Export Insurance Company "KazakhExport" based on the results for the year approved by the Board of Directors of KazakhExport.

Basic principles of remuneration to the members of the Management Board include:

- ◆ correlation between remuneration and performance of tasks serving the interests of KazakhExport and the shareholder;
- ◆ simplicity and transparency of the principles to assess the amount of a remuneration;
- ◆ dependence of the remuneration amount on the results of activity.

The procedure, amount and conditions of remuneration payment, compensation of expenses and payment of bonuses to the members of the Board of Directors of KazakhExport for performance of their duties, including independent directors, are determined by the resolution of the Sole Shareholder of KazakhExport.

Remuneration is not paid to a member of the Board of Directors, who is a government official, and to the members of the Board of Directors, who are the employees of the Sole Shareholder of KazakhExport.

Accordingly, remunerations are only paid to the members of the Board of Directors being independent directors of KazakhExport, and the other members of the Board of Directors are not remunerated for performance of duties of a member of the Board of Directors.

CORPORATE ETHICS AND OMBUDSMAN INSTITUTION GRI 102-16

In its activities, KazakhExport applies and implements the following fundamental corporate values and principles:

1. meritocracy;
2. responsibility;
3. professionalism and development;
4. mutual respect and trust;

5. honesty and openness;

6. team spirit.

The values, principles and norms of business conduct in KazakhExport's activities are determined in the Code of Business Ethics, which is a set of rules that sets the fundamental values and principles of business ethics to be followed by all employees and officials.

The Company operates the institution of the Ombudsman, the main functions of which are:

1. consideration of appeals of KazakhExport employees, officials and making recommendations for resolution thereof, including interacting with the government bodies, KazakhExport governing bodies;
2. collection of information on the facts of violation and non-compliance with the provisions of this Code of Business Ethics and forming on the annual basis of the report on moral and ethical climate in KazakhExport;
3. consultation employees, officials on provision of the Code of Business Ethics;
4. initiation of consideration of disputes on violation of the Code of Business Ethics provisions and participation in settlement thereof by out-of-court and judicial procedures.

In accordance with the decision of KazakhExport Board of Directors № 1 as of February 27, 2020, the Head of the Compliance Service of "Baiterek" National Management Holding" JSC Arystanbekov Ravil Ilzatovich was appointed as Ombudsman from March 2, 2020.

KazakhExport has built and operates the mechanisms of direct communication with the Ombudsman, which can be used by both the Company's employees and other interested parties: this includes direct calls to Ombudsman by phone, calls to his e-mail, as well as written applications sent by mail.

In 2020, the Ombudsman received no complaints about violation of the provisions of the Code of Business Ethics.

During the reporting period, the attracted international company "Ernst & Young", within the frameworks of the annual study of engagement and satisfaction of KazakhExport employees, conducted a computer survey to ensure confidentiality. 95% of the Company's employees took part in this survey. According to the results of study by Ernst & Young, it was found that the level of involvement and satisfaction of KazakhExport employees with working conditions is

85%, which is 11 positions higher than the level of 2019 (in 2019, the level of employee involvement and satisfaction was 74%). In addition, the results of the study indicate improvement in all components of employee engagement, including emotional and active engagement, the index of return and the index of support.

Based on the results of the reporting period, it should be noted that no labor disputes or conflicts between employees and the employer represented by the Chairman of the Management Board of KazakhExport have been detected.

The Company has approved and is implementing the Policy for settlement of corporate conflicts and conflicts of interest, which regulates the order and procedures of pre-trial settlement of conflicts, as well as actions of bodies, officials and employees within the framework of these processes.

In particular, the Company's officials and employees are required to:

- ◆ refrain from taking actions and decisions that may lead to the conflicts;
- ◆ exclude the possibility of KazakhExport involvement in illegal activities;
- ◆ ensure reliability of financial statements and other information provided to the Sole Shareholder and interested parties, regulatory and supervisory authorities;
- ◆ ensure identification of the emerging conflicts at the earliest stages of development thereof;
- ◆ carry out other activities provided for by the Policy for settlement of the corporate conflicts and the conflicts of interest.

The officials must promptly notify the Corporate Secretary about any corporate conflicts by submitting an appropriate application.

In 2020, there were no cases of corporate conflicts and conflicts of interest in the Company's activities.

COMPLIANCE CONTROL

According to the decision of the Board of Directors of KazakhExport № 8 as of August 27, 2020, the Compliance Service was formed in the structure of the Company, the main tasks of which include:

1. organization and implementation of measures to counter the legalization of proceeds from criminal activities and financing of terrorism in the activities of KazakhExport according to the procedure determined by the legislation of the Republic of Kazakhstan and the internal regulatory documents of the Company;
2. ensuring and monitoring of the Compliance Risk Management Policy implementation in KazakhExport in accordance with the requirements of the legislation;
3. ensuring organization and functioning of the system for combating fraud and corruption in the Company.

During the reporting year, the Company did not allow its services (products) to be exposed to high risk of legalization (laundering) of proceeds from crime and financing of terrorism.

There were no cases of insurance of KazakhExport clients' projects, implementation of which is planned on the territories of states included in the list of states (territories) that do not comply or do not sufficiently comply with the recommendations of the Financial Action Task Force (FATF), as well as those included in the list of offshore zones, or which are subject

to international sanctions (embargo) adopted by the resolutions of the United Nations Security Council.

In the context of transition of KazakhExport personnel to distant work, there were no cases of compliance risk realization, which would entail violation of the general corporate development strategy of the Company throughout the reporting period.

The Compliance Service interacts with all structural divisions with respect to its areas of work on the ongoing basis.

During the reporting year, there were no reputational risks in the work of the Company: there were no claims, complaints or other appeals from consumers of financial services (policyholders, beneficiaries or other clients), as well as from other persons, including participants in the procurement of goods, works and services that conducted by the Company.

No violations of limits mandatory for insurance (reinsurance) organizations, prudential standards, other mandatory limits established by the financial regulator, were committed by KazakhExport.

During 2020, the Company allowed no factors affecting deterioration of its financial position as an insurance (reinsurance) company.

At the end of 2020, the management body found the compliance risk management efficiency in the Company to be satisfactory.

PREVENTION OF CORRUPTION AND FRAUD GRI 103-2

Within the framework of anti-corruption policy implementation of the Republic of Kazakhstan and in accordance with the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption", the Company is working to prevent corruption, form anti-corruption culture, prevent and resolve the conflicts of interest.

In the reporting year, implementation of the Action Plan for Combating Corruption in KazakhExport for 2019–2020 was completed (approved on March 29, 2019 by the decision of the Management Board № 10), including:

- ◆ the Rules for prevention and combating fraud and corruption in the joint-stock company "Export Insurance Company "KazakhExport" were approved;

- ◆ information on combating corruption and fraud in the Company was posted on the corporate Internet resource of KazakhExport in section "Compliance Service, Anti-Corruption and Fraud", indicating the contact details of the authorized state body, which should be contacted for reporting the facts of corruption, abuse, fraud. This resource also contains useful information on minimizing the risks of fraud for financial services consumers;
- ◆ internal analysis of corruption risks in the activities of the procurement manager and in the Strategy and Economic Planning Department of KazakhExport was conducted: no corruption risks were identified;

- ◆ taking into account the requirements of internal documents, the selected suppliers of services, works, goods were checked for reliability thereof, affiliation (about 163 opinions were prepared with respect to the selected suppliers of goods, works and services).

In order to form the anti-corruption culture the following internal trainings were conducted for the company's personnel:

- ◆ seminar on the basics of anti-corruption legislation of the Republic of Kazakhstan;
- ◆ seminar on criminal offenses in the financial sector;
- ◆ training on corruption and fraudulent schemes in the quasi-public sector.

The trainees also passed computer testing based on the results of the seminars and training sessions, showing good results.

In order to improve their qualifications, the employees of the Compliance Service took part in:

1. the International online forum for development and promotion of anti-corruption compliance, organized by the Anti-Corruption Agency of the Republic of Kazakhstan together with "KPMG Audit" LLP in October 2020;
2. online conference on the subject "Economic Security – 2020: New Challenges", organized by "Compra" Company" LLP in November 2020.

KazakhExport operates a system of internal communications, with the help of which any interested parties can report on the facts of corruption, cases of fraud, official abuse among officials and employees of the Company.

To receive applications, the Company operates the following communication channels:

- ◆ e-mail addresses of the Compliance Service employees posted on the corporate Internet resource;
- ◆ telephone number of "Senim" hotline +7 (7172) 55-44-70;
- ◆ email of trust senim@kazakhexport.kz.

In 2020, no corruption factors were detected in the Company's activities, including:

- ◆ there have been no cases of corruption and fraud offenses against KazakhExport;
- ◆ there were no cases of the rights and legitimate interests violation of consumers of KazakhExport financial services;
- ◆ there were no publications or television stories in television, print and electronic media, as well as in social networks about misconduct of officials or employees of KazakhExport;
- ◆ there were no complaints and claims (written and verbal, including those sent to e-mail address of KazakhExport, via "Senim" hotline) from individuals and legal entities about the facts of corruption among the officials and employees of KazakhExport;
- ◆ there were no cases of bringing officials and employees of KazakhExport to criminal or administrative liability, conducting legal proceedings with their participation on the facts of corruption offenses or violation of the requirements of the current insurance legislation.

INTERNAL AUDIT SERVICE

The internal audit service in the Company was established to protect the interests and rights of the Sole Shareholder of KazakhExport, to facilitate achievement of strategic goals and objectives through a systematic and consistent approach to assessing and improving the efficiency of corporate governance, risk management and internal control processes. In its activities, the Company's Internal Audit Service takes into account all applicable International Professional Standards for Internal Auditing and the Code of Ethics for Internal Auditors adopted by the International Institute of Internal Auditors, and is governed by the approved internal regulations on internal audit.

KazakhExport operates a generally recognized conceptual model of internal audit in accordance with the International Professional Standards for Internal Auditing, in which the internal audit functions are separated from the internal control and risk management functions. Internal audit is under special functional and administrative subordination and accountability, which ensures objectivity of auditors and independence of the Internal Audit Service. Within the scope of this accountability, KazakhExport's governing bodies are provided with reliable and up-to-date information on the level of effectiveness of internal control, corporate governance and risk management systems.

The Board of Directors of KazakhExport approved the risk-oriented Annual Audit Plan and Audit Program for IAS, key performance indicators for IAS and its employees.

A report on IAS activities on a quarterly basis is provided to the Audit Committee and the KazakhExport Board of Directors. In addition, based on the results of

the calendar year, the IAS conducted self-assessment of the internal audit activities quality for the reporting year in accordance with the Program for ensuring and improving the internal audit quality.

In accordance with IAS Annual Audit Plan for 2020, 9 audit assignments were provided for and completed in full, including assessment of the internal control system and the risk management system effectiveness. Based on the results of assessments, the overall score of the internal control system effectiveness is 80% and the effectiveness of the corporate risk management system is 89%.

In 2020, in connection with the COVID-19 pandemic and transfer to distant work, IAS demonstrated flexibility in work and response to the dynamic risk environment caused by COVID-19, in which connection IAS increased the share of consulting assignments in order to provide future-oriented recommendations and advice.

On a quarterly basis, the IAS monitors implementation of IAS and external auditors recommendations.

In order to advance and improve their qualifications, IAS employees undergo continuous training, including for obtaining professional certification.

When carrying out its functions, the IAS has confirmed its independence from any persons' influence for the Board of Directors.

The Board of Directors annually evaluates the IAS and its head performance based on the approved key performance indicators. According to the results of 2020, the activities of the IAS were assessed as "effective".



CORPORATE SECRETARY

During 2020, the Corporate Secretary of KazakhExport performed the work on ensuring timely fulfillment by the heads of subdivisions and officials of the instructions of the Sole Shareholder, the Board of Directors and its Committees.

Based on the results of the meetings of the Board of Directors and its Committees, within 1-2 business days from the date of signing the minutes, the divisions were provided with extracts from the minutes / decisions. There were no violations of the deadlines for signing the minutes of the meetings of the Board of Directors during 2020, the minutes were drawn up and signed not later than within 3 working days after the meeting.

There were no violations of the deadlines on drawing-up and submission of reports on the work of the Board of Directors, the Corporate Secretary during 2020, the reports were submitted for consideration to the Board of Directors, in accordance with the requirements of the Regulations on the Board of Directors of KazakhExport – quarterly, till the end of the first month following the reporting quarter.

Timely disclosure of information about KazakhExport, corporate events and other information was provided under the requirements of the legislation of the Republic of Kazakhstan and internal documents of KazakhExport.

During 2020, the information about corporate events was posted on the Internet resource of the financial reporting depository of KazakhExport in pursuance of the requirements of the legislation of the Republic of Kazakhstan. The letters of notice were sent to the National Bank of the Republic of Kazakhstan concerning changes in the membership of the Board of Directors and determination of the quantity of members of the Board of Directors.

The RK NB and other competent public authorities did not impose any sanctions, including administrative penalties, on the officials of KazakhExport.

During 2020, the Corporate Secretary of KazakhExport consulted the subdivisions on the matters subject to consideration by the Board of Directors and its committees.

EXTERNAL AUDIT

In accordance with the Policy on organization and carrying out of external audit, the external auditor must pursue the principle of a project partner rotation every five years.

In the event an external auditor which had carried out external audit in the previous year is chosen, such external auditor shall prepare a plan of a project partner succession, which shall be submitted for consideration to the Audit Committee of the Board of Directors of KazakhExport. It is not required to prepare the plan of a project partner succession, if some other organization, which has not provided such service in the previous year, is selected for external audit.

Under the Code of Ethics, rendering of a number of non-auditing services not connected with audit of the financial statements may result in a conflict of

interest affecting independence of an external auditor. To ensure independence of opinion of an external auditor carrying out audit of the financial statements, tax audit, special purpose audit KazakhExport is prohibited to purchase and/ or receive the services of that auditor relating to business accounting and drawing-up of the financial statements.

Upon detection of a conflict of interest and risks associated with ensuring the independence of the external auditor, KazakhExport is governed by the legislation of the Republic of Kazakhstan and its internal regulatory documents, including the Policy on External Audit arrangement and conducting.

The external audit of the financial statements for 2020 was conducted by "KPMG AUDIT" LLP, contracted for 2019–2020.

RISK MANAGEMENT



GRI 102-11

The risk management system is an integral component part of activities of KazakhExport, which is aimed at identification, assessment and monitoring of all existing risks, as well as the measures to be taken to minimize the level of risks that can adversely affect the financial stability and reputation.

The risk management system is based on the process of evaluation of domestic capital adequacy. Each type of risk shall be evaluated quantitatively in order to further aggregate for calculating domestic capital at the level of KazakhExport and its comparison with available Company's financial resources intended to cover all risks.

The domestic capital takes into account the following types of risks to be calculated in the normal and stress situations: credit risk, foreign exchange and interest risk, operating risk, business risk and insurance risk. All mentioned risks are identified and assessed in accordance with the internal documents of KazakhExport and the reports on those risks are quarterly submitted to the Holding.

In accordance with the requirements of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market and the best corporate governance practices, the regular reporting on risks is introduced, from which the Management Board and the Board of Directors of KazakhExport receive the information about risk situation on the regular basis, including risk map and reports on risks. As and when necessary, the Management Board and the Board of Directors are provided with the details of considerable changes in risks. KazakhExport regularly submits reports on risks to the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.

In 2020, the KazakhExport Risk Management Department jointly with structural divisions, made comprehensive identification and assessment of KazakhExport risks. Based on the results of this work, a risk register, a matrix of business processes, risks and controls were developed and approved, a risk map was structured and an Action Plan for managing high and critical risks was adopted, subject to fixing the deadlines for implementation of measures and appointing the responsible persons.

Based on the results of assessment of the risk management and internal control system compliance, in accordance with the requirements of the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan as of August 27, 2018 № 198 “On approval of the Rules for the Risk Management and Internal Control System Establishment for Insurance (Reinsurance) Organizations”, for 2020, general assessment compliance with the requirements for risk management and internal control systems increased from 94.1% in 2019 to 96% in 2020.

The internal control system of the Company is a set of organizational policies, procedures, norms of behavior, actions, methods and mechanisms of internal control created by the Board of Directors and the Management Board of KazakhExport to ensure effective internal control of financial and economic activities of the Company. Internal controls at

KazakhExport are focused on risk prevention in three key areas of activity, including operations, financial and management reporting, and regulatory and legal compliance. The internal control system consists of five interdependent components, such as control environment, risk assessment, control procedures, information and its transmission and monitoring.

In 2020, the Internal Audit Service assessed the internal control system (hereinafter – ICS) and the risk management system (hereinafter – RMS). The overall score of ICS effectiveness was 80%, which, in accordance with the level of efficiency (maturity) of the ICS, provided for by the ICS Methodology, corresponds to the “Mature” level; the overall score of RMS effectiveness in the Company was 88%, which, according to the level of RMS efficiency (maturity), provided for by RMS Methodology, corresponds to the “Mature” level.



CUSTOMER AND COUNTERAGENT RISK ASSESSMENT

In order to assess the risks inherent to the Company's counterparties and customers, the procedures provided for in the Methodology for Assessment of the Export Credit Risk Insurance, International Factoring and Exporter's Short-Term Accounts Receivable are applied within the scope of the scoring model.

The risk assessment of export credit insurance, international factoring and / or short-term receivables of the exporter is based on key factors such as:

- ◆ assessment of the product deliveries insurance history made by the insured (exporter), regardless the buyer, and existence of the insured events in it, to analyze the selective approach of the exporter;
- ◆ the priority of stimulating the exporter's industry development;
- ◆ assessment of the exporter's experience in export sales, etc.

MATRIX OF EXPORT CREDIT, INTERNATIONAL FACTORING AND SHORT-TERM RECEIVABLES RISK INSURANCE

to 100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 95,1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 90,1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 85,1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 80,1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 75,1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 70,1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 65,1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 60,1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 55,1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 50,1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
to 45,1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	
to 40,1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	
to 35,1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	
to 30,1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	
to 25,1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	
to 20,1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	
to 15,1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	
to 10,1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	
to 5,1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
less 0,1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
	5	9	12	16	20	30	35	40	45	50	55	60	65	70	80	90	100	150	200	250	280	300

* The vertical axis denotes the probability of default (PD) under the contract, the horizontal axis denotes the volume of assumed insurance obligations /debt in million tenge.

If the amount of the proposed limit does not exceed 300 million tenge, the customers' application is considered using a scoring model.

ACTIVITIES IN THE FIELD OF SUSTAINABLE DEVELOPMENT



GRI 205-1, 205-3, 103-2, 302-3, 303-2, 305-5, 305-7, 306-2, 307-1, 403-2, 403-3, 413-1, 417-1

SUSTAINABLE DEVELOPMENT MANAGEMENT

Sustainable development is the comprehensive approach of economic, environmental and social directions in the activities of an organization. KazakhExport strives not only to achieve the outstanding results in its activities, but also to make a feasible contribution to social and economic development of the Company. Our approach to sustainable development is based on alignment of interests and strategic plans of the Company with the basic principles of sustainable development and adherence to the principles of fair and responsible behavior towards all stakeholders.

Priorities of KazakhExport in the Field of Sustainable Development:

- ◆ effective and transparent systems of interaction with stakeholders;
- ◆ improving working conditions and providing decent wages;
- ◆ protection of workers' health and ensuring safe working conditions;
- ◆ improvement of the corporate governance system;
- ◆ provision of social support and educational activities for professional development of employees;
- ◆ observance of workers' rights, non-discrimination and observance of ethical norms;
- ◆ intolerance of corruption;
- ◆ decrease of negative impact on the environment.



Many aspects related to the principles of sustainable development are already present in the Company's activities and are approved by the KazakhExport Corporate Social Responsibility Regulations (decision of the KazakhExport Board of Directors as of May 20, 2011 № 52), and are also set in the KazakhExport Corporate Governance Code (the decision of the Sole Shareholder of JSC "NMH "Baiterek" as amended as of December 25, 2019 № 61/19). The corporate goals related to sustainable development are integrated into the Company's strategy. In addition, KazakhExport adheres to the principles of the UN Global Compact in the field of human rights, labor relations, environmental protection and anti-corruption.

On November 20, 2019, according to the decision of KazakhExport Board of Directors, the KazakhExport Sustainable Development Policy (hereinafter referred to as the Policy) was adopted, the tasks of the Policy are to determine the principles and directions of

the Company's activities in the field of sustainable development.

In order to fulfill the tasks on implementation of the principles of sustainable development, KazakhExport studied the international experience for principles of sustainable development implementation in the business processes of export credit agencies. As a result of the work carried out by KazakhExport, an Action Plan for implementation of KazakhExport Sustainable Development Policy for 2020–2021 was prepared and approved (Minutes of KazakhExport Management Board № 48 as of August 6, 2020).

Generation of target indicators in the field of sustainable development will be implemented on the basis of the Action Plan, with an annual analysis of performance and integration into the KPI system of the Company's management.

INFORMATION DISCLOSURE

In its activities, KazakhExport follows the principles of maximum openness, transparency, reliability, and equal access to information about the Company for all interested parties. In this regard, in 2020, the corporate Internet resource of KazakhExport was updated, including in part of adaptation thereof for people with special needs (visually-impaired and blind, hearing-impaired and deaf persons), in accordance with the international standard Web Content Accessibility Guidelines (WCAG) 2.1.

To interact with the population, an interactive window of a business messenger operates on the Internet resource, through which all requests of citizens are promptly processed. It also provides for opening of the personal blog of the Chairman of the Management Board in three languages, with integration on the "Open Dialogue" blog platform: <https://dialog.egov.kz/>.

Based on the information on KazakhExport's activities provided in mass media and in social networks, 102 events (original newsworthy information) were implemented in 2020. In general, according to the results of media coverage (Kazakhstan, the countries of KazakhExport presence, including references) for 12 months 2020, 810 materials, where KazakhExport was mentioned, were published in mass media and 1,474 – with KazakhExport mentioning in the social networks.

In addition, the corporate website contains information on sustainable development in the "Corporate Governance" section. In future, the site will provide coverage of the measures taken to implement the corporate governance principles.

PERSONNEL POLICY

GRI 102-8, 102-41, 103-2, 401-1, 401-3 402-1, 404-2, 405-1

PERSONNEL CONTENT

The main resource of the Company is a team of professionals. The company creates and maintains the atmosphere when each employee can maximize their potentials, feel the integral part of the common business.

As of December 31, 2020, the payroll of the Company is 92 employees, in 2020 31 employees were hired. The Company employs the specialists of different ages, about half of our employees are in the 25–39 age group. All employees of the Company have higher education.

The company provides equal opportunities for men and women. When recruiting and promoting employees, first of all, their professionalism, leadership qualities, focus on results and ability to work in a team are assessed.

The number of employees dismissed in 2020 amounted to 18.07%.

THE NUMBER OF DISMISSED EMPLOYEES WITH BREAKDOWN AS PER AGE GROUPS:

Nº	Age Category	%
1	from 25 to 30 years old	6.02
2	from 30 to 40 years old	8.4
3	from 40 to 50 years old	3.6

THE NUMBER OF DISMISSED EMPLOYEES WITH BREAKDOWN AS PER GENDER:

male	females
13.2%	4.8%

PERSONNEL SELECTION AND ADAPTATION

The Company carries out an open and transparent selection of candidates for vacant positions on a competitive basis. The recruitment system is based on an equal approach to candidates in employment and on avoidance of restricting the candidates rights. Selection

of personnel is based on assessment of the candidates professional and personal competencies.

A new employee onboarding system is used to support the effective integration of new employees into the working environment.

PERSONNEL TRAINING AND DEVELOPMENT

KazakhExport has a system of external and internal personnel training with introduction of modern technologies. Access to the electronic library of books is provided using mobile application, individual online language courses are arranged.

The business coach of KazakhExport regularly organizes seminars not only for professional growth of the existing employees, but also for the adaptive training of new employees.

Also, business coach of KazakhExport on the activities and support measures of KazakhExport conducts free seminars for employees of partner companies and second-tier banks. Every year, training seminars of regional divisions of JSC "FRS" Damu", NPP "Atameken", JSC "Agrarian Credit Corporation" on the products of JSC "EIC "KazakhExport" cover all 14 regions of Kazakhstan, as well as the cities of the republican importance and the capital Nur-Sultan.

EVALUATION OF EMPLOYEES PERFORMANCE EFFICIENCY

The Company has a system for assessment of employees performance based on key performance indicators (hereinafter – KPI) – this ensures that remuneration is linked to the performance of employees.

KPI allows to motivate high-performing employees to achieve results, as well as identify employees who have areas for development.

KPIs are formed by cascading the strategic goals of the Company to the level of employee performance in accordance with their field of responsibility.

LABOR REMUNERATION AND MOTIVATION OF EMPLOYEES

In order to ensure fair labor remuneration, the Company has introduced a grading system developed jointly with external consultants from the international consulting company "Hay Group". The grading system provides for

measuring and determining of each position value in achieving strategic goals to ensure a competitive level of wages of employees, taking into account assessment of the market level of wages.

SOCIAL BENEFITS

Social support is aimed at increasing attractiveness of KazakhExport as an employer, creating comfortable conditions for personnel and increasing their motivation. The main areas of social security for employees provide

for the following social support measures to employees: provision of material assistance and voluntary medical insurance (insurance in case of illness) of employees and family members of employees.

PERSONNEL RESERVE AND SUCCESSION

The Company's personnel reserve policy is formed within the framework of the Unified personnel reserve of "Baiterek" NMH" JSC.

Every year, the most promising and effective employees of KazakhExport participate in qualifying rounds to enter the talent pool.

The Company has 5 employees included in the Unified Personnel Reserve, in 2021 1 reservist from this number entered the management staff of the Company (appointed as Deputy Chairman – a member of the Management Board of the Company), three employees occupy the positions of middle managers.

LABOR PROTECTION

KazakhExport has "Instruction on Occupational Health and Labor Protection for Employees of JSC "EIC "KazakhExport". In accordance with the Instruction, the regular briefings on occupational health and safety are held in KazakhExport.

In 2020, no violations of the Instruction or incidents related to labor injuries, and occupational injuries occurred.

During the active phase of the COVID-19 coronavirus pandemic, the Company took measures to protect the health of employees, preventing spread of the infection.

The situation was monitored and controlled on a daily basis. The enhanced sanitary protection measures were introduced in offices: daily cleaning, disinfection of work surfaces, dispensers with antiseptic agents were installed, temperature control at the entrance to the building. Number of business trips decreased, 80% of employees were transferred to distant work.

In order to provide safety and prevent spread of COVID-19 coronavirus infection, the workers present in office workplace (offline format) made PCR tests and antibody tests on a regular basis.

In addition, digital tools were actively used to conduct educational trainings and courses for the Company's employees who work distantly.

ENVIRONMENTAL PROTECTION

The main activities of KazakhExport do not have negative impact on the environment. Nevertheless, the Company strives to use natural resources rationally, thereby setting an example for all stakeholders.

KazakhExport fully supports the generally accepted goals and principles of environmental responsibility, including:

- ◆ minimization of impact on biological and physical natural systems;
- ◆ optimal use of limited resources;
- ◆ application of saving technologies.

SOCIAL RESPONSIBILITY

KazakhExport confirms its commitment to conducting business in the manner that takes into account the interests and contributes to the sustainable development of all stakeholders.

KazakhExport sets the following goals through implementation of measures in the field of corporate social responsibility:

- ◆ contributing to maintaining a high level of economic development of the country;
- ◆ ensuring social progress of KazakhExport;
- ◆ creation of a close-knit, socially protected, creative and economically motivated team of employees;
- ◆ improvement of work and rest conditions, health and safety of employees in accordance with the best world standards;
- ◆ achieving and maintaining the status of a modern highly efficient and socially responsible company.

INTERACTION WITH THE STAKEHOLDERS

GRI 102-40, 102-42, 102-43, 102-44

KazakhExport is committed to long-term value creation for a wide range of stakeholders.

Key stakeholder groups are identified based on the analysis of the degree of their influence on KazakhExport and the Company's influence on them.

The level of proximity of stakeholders (areas of influence) expresses the extent, to which KazakhExport can influence on any interested party.

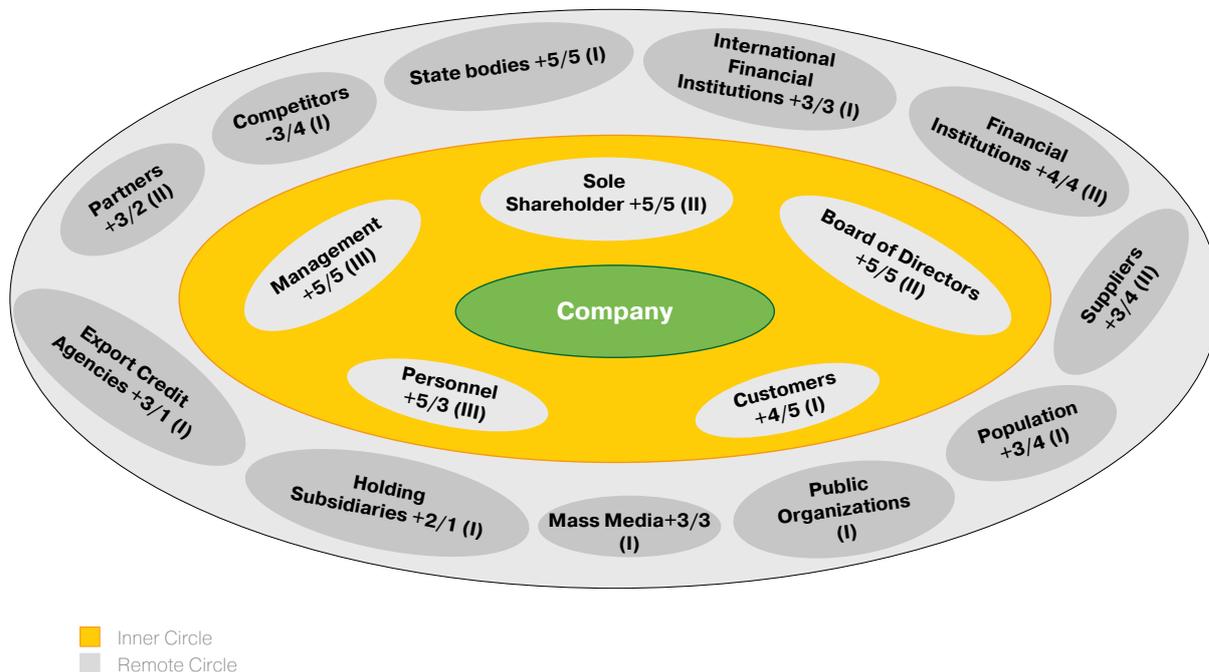
In the figure below, it is defined in the form of III, II and I linear bonds:

- ◆ The scope of authority /responsibility (III). In this area, there are stakeholders that are directly subordinate to KazakhExport (administrative levers of management).
- ◆ The area of direct influence (II). This area includes the stakeholders who are directly influenced by KazakhExport based on resource sharing strategy or persuasion.
- ◆ The area of indirect influence (I). This area includes stakeholders where KazakhExport has poor, indirect influence, using support of the stakeholders.

The degree of importance of influence is assessed using two scales x/y , where: x = from -5 to $+5$ with a step of 1 (or smaller) characterizes the extent of support / opposition by the KazakhExport stakeholder (-5 is the extreme degree of opposition, $+5$ is the highest degree of support), y = from 0 to 5 with a step of 1 (or smaller) characterizes the degree of influence of the stakeholder on the Company.

KazakhExport uses a wide list of instruments to effectively interact with the stakeholders and to have feedback. When making the key decisions, the Company strives to take into consideration the interests of different stakeholders groups detected in the course of interaction.

STAKEHOLDER MAP



X/Y

X = from -5 to +5 – the extent of stakeholder’s support/counteraction (first figure on the map)

Y = from 0 to 5 – the extent of stakeholder’s impact (it is denoted with the second figure on the map)

n = I, II, III – the extent of the Company’s influence on stakeholders (shown on the map in parentheses in the form of lines I, II, III)

INTERACTION WITH THE STAKEHOLDERS

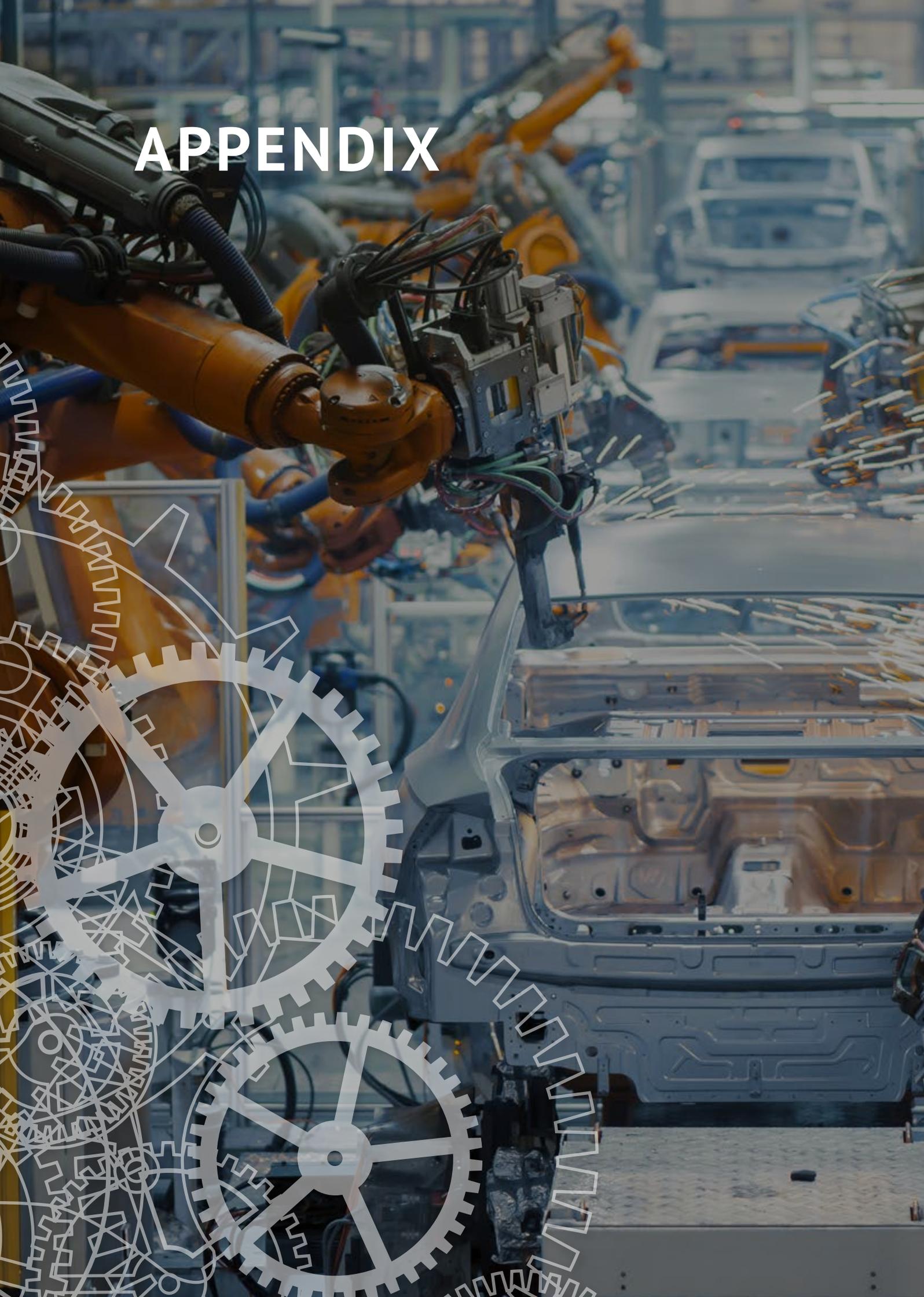
Nº	Stakeholder	Interests/ motives	Influence instruments	Interaction Methods
Inner circle				
1.	Sole Shareholder	Increase in earnings and annual dividends, appreciation of value of KazakhExport, efficiency of KazakhExport activity	Articles of Association of KazakhExport, Code of Corporate Governance	Approval of basic activity directions, as well as matters relating to general management of KazakhExport Ensuring realization of rights of the Sole Shareholder under the principles of corporate governance aimed at effective adoption of key resolutions in accordance with the legislation of the Republic of Kazakhstan and Articles of Association of KazakhExport Provision of reliable information about the results of financial and business activity in accordance with the requirements of the legislation of the Republic of Kazakhstan, Articles of Association, internal documents of KazakhExport Provision of information about plans, achievements, problems of KazakhExport activities Resolutions of the Sole Shareholder

Nº	Stakeholder	Interests/ motives	Influence instruments	Interaction Methods
2.	Board of Directors	General management of KazakhExport activities	Articles of Association of KazakhExport, internal documents of KazakhExport	General management of the Company's activities, except for resolution of the issues referred by the legislation of the Republic of Kazakhstan and (or) Articles of Association to the exclusive competence of the Sole Shareholder
3.	Management	Salary, bonuses, premiums, status, areas of responsibility	Articles of Association of KazakhExport, internal documents of KazakhExport	<p>Fulfillment of resolutions of the Sole Shareholder and the Board of Directors of KazakhExport</p> <p>Preparation, implementation and monitoring of implementation of a plan and strategy of development, plan of actions to manage critical risks of KazakhExport</p> <p>Preparation and implementation of other matters provided by the legislation of the Republic of Kazakhstan, Articles of Association, as well as the matters referred to the competence of the Board of Directors and the Management Board of KazakhExport (under the Articles of Association of KazakhExport)</p> <p>Meetings of the Management Board of KazakhExport and committees under the Management Board</p> <p>Work groups, operating briefings</p>
4.	Personnel	Salary, premiums, career development, professional development, terms of labor contract, social guarantees (including health insurance), level of powers and responsibilities, work satisfaction extent	Labour Code, employment agreements, civil contracts	<p>Exercise of official powers of aimed at implementation of the tasks and functions of KazakhExport</p> <p>Pursuing the open, transparent personnel policy focused on formation of highly-qualified and motivated personnel</p> <p>Providing all employees with equal opportunities to fulfill their potential in the process of labor activity, unprejudiced and fair evaluation of their performance, recruiting employees and their career development based on professional abilities, knowledge and skills only</p> <p>Questioning and polling</p>
5.	Customers	Commercial interests, receiving high quality services at reasonable tariff rates	Contracts	<p>Ensuring conformance to the expectations of consumers of KazakhExport products and services</p> <p>Conclusion of contracts, control of contractual relations</p> <p>Analysis of consumer satisfaction</p> <p>Negotiations, consultations</p>
Remote Circle				
6.	State Bodies	Law-making and executive functions, tax revenues, economic growth, employment of population	Laws, State programs of social and economic development	<p>Invitation to take part in work groups, forums, and conferences organized by KazakhExport</p> <p>Preparation and performance of all necessary procedures provided for by the legislation of the Republic of Kazakhstan to enable KazakhExport to participate in the government purchases</p> <p>Approval of the basic directions of activity of KazakhExport</p> <p>Participation in development and implementation of the state programs</p> <p>Provision of reliable information on the issues of interest in accordance with the requirements of the legislation of the Republic of Kazakhstan, Articles of Association, and internal documents of KazakhExport</p> <p>Participation in the state work groups</p> <p>Consultations with the authorized state bodies</p> <p>Revisions and inspections</p> <p>Proceedings and meetings</p>

Nº	Stakeholder	Interests/ motives	Influence instruments	Interaction Methods
7.	Subsidiaries of the Holding	Joint activity, commercial interests	Contracts, Articles of Association of KazakhExport, internal documents of the Holding, KazakhExport and subsidiaries	Mutually beneficial cooperation, improvement of business and technological processes and automation thereof Conclusion of contracts, control of contractual relations
8.	Competitors	Increase in a share of presence in the market of insurance and reinsurance business	Applying more advantageous conditions of insurance/reinsurance, increase in assets, tariff competition, active advertising policy, marketing researches	Showing respect, avoiding use of unreasonable advantageous and misrepresentation of competition, adhering to the principles of the Code of Corporate Governance and the Code of Business Ethics of KazakhExport Monitoring, analysis and marketing researches of the market
9.	Partners	Joint activity, commercial interests	Memoranda, contracts	Conclusion of contracts and agreements of mutually advantageous cooperation and understanding Control of contractual relations fulfillment
10.	Export credit agencies	Discussion, negotiation of conditions and coordination of actions to develop financial and insurance support between the countries, exchange of experience and information about financial and insurance support of export, implementation of joint projects, commercial interests.	Memoranda, contracts	Conclusion of contracts and agreements for mutually beneficial cooperation and understanding Control of contractual relations
11.	International Financial Institutions	Implementation of joint international projects, commercial interests, risk reinsurance	Memoranda, contracts	Conclusion of contracts and agreements for mutually beneficial cooperation and understanding Improvement of business processes and automation thereof Control of contractual relations
12.	Financial Institutions	Placing free cash on deposit accounts, participation in implementation of KazakhExport programs, insurance of risks of KazakhExport (including health insurance), risk reinsurance, management and registration of special accounts of KazakhExport, transactions with equity securities and other financial instruments	Contracts	Conclusion of contracts, control of contractual relations Improvement of the contract terms
13.	Suppliers	Commercial interests, compliance with contractual obligations	Rules for purchasing goods, works, and services of KazakhExport, contracts	Conclusion of contracts, control of contractual relations Business correspondence, requests Ensuring transparent and effective purchase of goods, works, and services Cooperation based on mutual benefit, respect, confidence, honesty, and fairness Publication of information for potential suppliers on Internet site

Nº	Stakeholder	Interests/ motives	Influence instruments	Interaction Methods
14.	Population	Opportunity of employment, resolution of social problems, transparency of activity of KazakhExport, environmental protection	Public opinion. Appeals to the higher-level and regulating state bodies, mass media	Public-opinion polls, implementation of communication strategy Publication of financial and non-financial statements of KazakhExport Demonstration of practical commitment to the principles of social responsibility, transparency of activity and sustainable development Strife for fair competition, generally accepted moral and ethical standards Assuming additional social commitments, resolution of acute social problems Charity activities
15.	Public Associations	Realization of goals and targets of public associations, receiving sponsor support	Articles of Association of KazakhExport, contractual relations under concluded contracts, forums, conferences, etc.	Compliance with the norms of legislation Conclusion of agreements of cooperation and understanding Charity and sponsorship Holding joint events (meetings, forums, conferences, etc.)
16.	Mass Media	Publication and provision of information about activity of KazakhExport, commercial interests	Publications and provision of information on KazakhExport activity, interviews, press releases, etc.	Organization of information activity through: <ul style="list-style-type: none"> ◆ PR events (press releases, press conferences); ◆ reports to the target audience on strengths and potentials of KazakhExport; ◆ creation of positive public opinion; ◆ ensuring transparency of KazakhExport activities through reliable, regular, continuous, and timely disclosure of information; ◆ maintenance of KazakhExport brand recognition; ◆ report to the society on performances of KazakhExport.

APPENDIX



APPENDIX 1. ABOUT THE REPORT

GRI 102-45, 102-46, 102-47, 102-50, 102-51, 102-52, 102-54, 102-56, 103-1

The annual report of "Export Insurance Company "KazakhExport" JSC is intended to disclose material information on the Company's activities for a wide range of stakeholders. When preparing the Annual Report, the norms of Kazakhstani legislation, as well as the best Kazakhstani and world practices, are taken into account.

Information on sustainable development is disclosed in the Report in accordance with the international standards GRI Standards. In this case, the Main corresponding version is selected.

The Annual Report is issued on the annual basis, this document covers the period from January 1 to December 31, 2020. The information on sustainable development activities is not subject to external certification.

DETERMINATION OF MATERIAL SUBJECTS AND MATERIALITY MATRIX

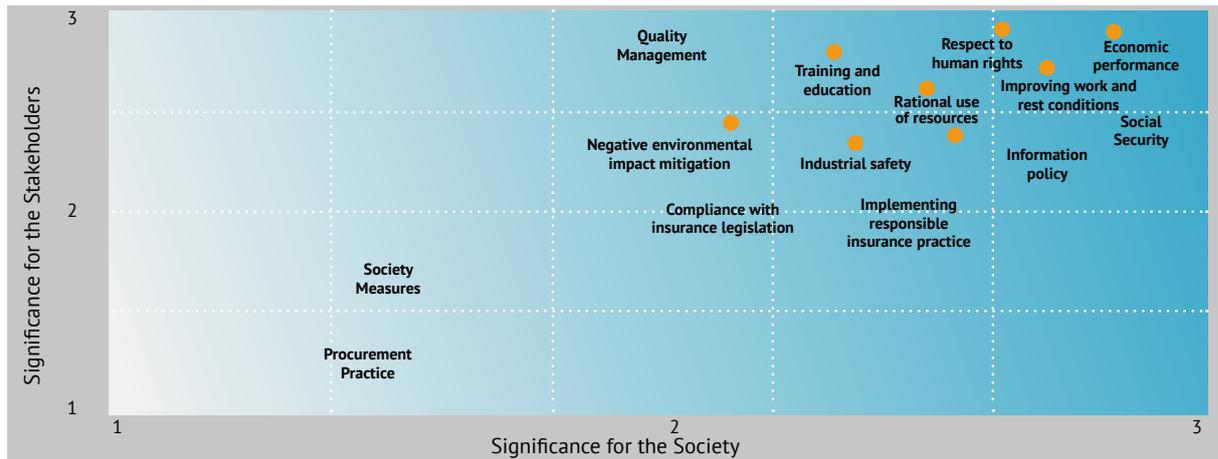
The sole shareholder of the Company is "NMH "Baiterek" JSC and since 2020, certain requirements have been introduced that must be complied with when drawing up the Annual Report. In this regard, the Company approved the minimum requirements for information disclosure in the field of sustainable development by the Company's Order as of April 17, 2020 № 27-Ө "On Approval of the Procedure and Terms for Preparing the Annual Report on the Company's Activities". The approved minimum requirements imply best practices for information disclosure in the field of sustainable development in accordance with the Guidelines on Reporting in the field of sustainable Development under the Global Reporting Initiative (GRI).

In order to comply with the procedure for determining topics for public disclosure with the principles of GRI international standards, the Company for the first time used a step-by-step method for determining the material subjects, which includes the following stages:

- ◆ preparing a basic list of significant topics – compiling a list of subjects the most frequently disclosed by companies;
- ◆ evaluating the importance of subjects by questioning external and internal stakeholders;
- ◆ analysis and compilation of the subjects final rating, based on the results of which the final materiality matrix is formed – graphic visualization.

The representatives of 8 groups of external and internal stakeholders took part in the poll, they assessed the extent of importance of the offered subjects for the Company (the Company's employees and top management, representatives of government bodies, representatives of the Sole Shareholder and subsidiaries, representatives of financial institutions, exporters, suppliers, mass media representatives and ALE).

Based on the results of the described procedure, key material aspects were identified, which will be maximally disclosed in the current Report on the Company's activities, taking into account the GRI requirements.



Material Subjects Rating

(low degree of importance – 1 point; medium importance – 2 points; high degree of importance – 3 points)

Nº	Material Subjects	Rating
1	Economic performance	2.8
2	Information Policy	3
3	Procurement Practice	2.7
4	Participation of the Company in political activities, international initiatives	1.5
5	Anti-corruption management	3
6	Quality Management	3
7	Compliance with insurance legislation	2.7
8	Company's measures for negative environmental impact mitigation	2.5
9	Decrease and rational use of resources	2.9
10	The Company's measures for municipal forestry improvement	1.5
11	The Company's measures for responsible insurance practice implementation	1.6
12	The Company's measures for responsible procurement practice implementation	1.1
13	Hiring and employment	3
14	Labor remuneration and employees performance management	3
15	Diversity and equal opportunities for all employees of the Company	3
16	Social support and non-material motivation of personnel in the Company	2.5
17	Training and education	3
18	Social and economic compliance	0.9
19	Assessment of human rights observance	2.5
20	Interaction of the Society with local communities	2.5
21	Improving work and rest conditions	2.9

Other subjects will also be disclosed, but with less detail due to the lower level of importance for the stakeholders.

Some aspects were added to the secondary subjects that were also considered important by some stakeholder representatives above the basic list. These subjects included:

1. integration of sustainable development goals into the strategic goals of the Company;

2. coordination of economic, environmental and social goals, including in terms of increasing the non-resource industries export growth;

3. supporting projects with positive environmental and social impact;

4. gender equality;

5. social responsibility and charitable activities of the Company.

APPENDIX 2. GRI INDEX

GRI 102-55

GRI standard and year of its publication	Index	Page number, section and /or URL	Exceptions / Comments
GRI 101: Reporting principles (2016)			
GRI 102: General Information (2016)	Organization profile		
	102-1 Organization Name	"About Company" Section, p. 8	
	102-2 Activity direction	"About Company" Section, p. 8	
	102-3 Head office location	"Contact Details" Section, p. 83	
	102-4 Geography of activity	"Insurance Activity Performance" Section, p. 26	
	102-5 Type of ownership	"Foreign Representative Activities" Section, p. 22	
	102-6 Sales markets	"Operating Performance" Section, p. 24	
	102-7 Organization scale	"Key Performance" Section, p. 6	
	102-8 Staff information	"Personnel Policy" Section, p. 58	
	102-9 Supply chain	"Business Model" Section, p. 12	
	102-10 Material changes in the Company's work	"Organizational Structure" Section, p. 40	There were no material changes in the work of the Company.
	102-11 Precautionary principles	"Risk Management" Section, p. 52	
	102-12 Support for external initiatives		KazakhExport does not support external initiatives.
102-13 Membership in associations			
Strategy			
102-14 Management statement	"Address of the Chairman of the Management Board" Section, p. 4 Address of the Chairman of the Board of Directors" Section, p. 2		
Ethics and Integrity			
102-16 Values, principles, standards and norms of behavior	"Corporate Ethics" Section, p. 46		
Corporate governance			
102-18 Management structure	"Organizational Structure" Section, p. 40		
Interaction with the stakeholders			
102-40 List of stakeholders	"Interaction with the Stakeholders" Section, p. 61		
102-41 Collective agreements	"Personnel Policy" Section, p. 58		
102-42 Identification and selection of stakeholders	"Interaction with the Stakeholders" Section, p. 61		
102-43 Interaction approaches	"Interaction with the Stakeholders" Section, p. 61		
102-44 Key Subjects Raised and Concerns	"Interaction with the Stakeholders" Section, p. 61		

GRI standard and year of its publication	Index	Page number, section and /or URL	Exceptions / Comments
Report details			
	102-45 Consolidation Basis	"About the Report" Section, p. 67	
	102-46 Determining the report content and limits	"Determining the Report Content" Section, p. 67	
	102-47 List of material subjects	"Determining the Report Content" Section, p. 67	
	102-48 Recalculation of data for the previous periods	-	The indicators have not been changed and are comparable with the data presented in the previous Annual reports of the Company.
	102-49 Changes in the report content	-	There were no material changes.
	102-50 Reporting period	"About the Report" Section, p. 67	
	102-51 Date of last publication	"About the Report" Section, p. 67	
	102-52 Reporting cycle	"About the Report" Section, p. 67	
	102-53 Contact information on the issues on the report content	"Contact Details" Section, p. 83	
	102-54 Compliance level with GRI standards	"About the Report" Section, p. 67	
	102-55 Index of GRI content	"GRI Index" Section, p. 69	
	102-56 External representations	"About the Report" Section, p. 67	
Material Subjects			
Economy			
Economic Performance			
GRI 103: Management Approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management approaches	"Strategic Development Directions" Section, p. 20	
	103-3 Management assessment	-	In 2020 it was not conducted.
GRI 201: Economic Performance (2016)	201-1 Economic value generation and distribution	"Financial Performance" Section, p. 32	
	201-4 Financial assistance received from the state	"Financial Performance" Section, p. 32	
Indirect economic impact			
GRI 103: Management Approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Strategic Development Directions" Section, p. 20	
	103-3 Management Assessment	-	In 2020 it was not conducted.
GRI 203: Indirect economic impact (2016)	203-1 Investment in infrastructure and services support	"About Company" Section, p. 8	The company conducts activities aimed at non-resource export support.
Procurement Practice			
GRI 103: Management Approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Procurement Practice" Section, p. 34	
	103-3 Management Assessment	-	In 2020 it was not conducted.
GRI 204: Procurement Practice (2016)	204-1 Share of expenses on local suppliers	"Procurement Practice" Section, p. 34	

GRI standard and year of its publication	Index	Page number, section and /or URL	Exceptions / Comments
Anti-corruption Management			
GRI 103: Management Approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Prevention of Corruption" Section, p. 48	
	103-3 Management Assessment	-	In 2020 it was not conducted.
GRI 205: Anti-corruption Management (2016)	205-1 Transactions assessed for the risk of corruption	"Prevention of Corruption" Section, p. 56	
	205-3 Confirmed cases of corruption	"Prevention of Corruption" Section, p. 56	
Environment			
GRI 103: Management Approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Sustainable Development Policy" Section, p. 56	Environmental Impact Management Policy covers all major environmental issues.
	103-3 Management Assessment	-	In 2020 it was not conducted.
Power			
GRI 302: Power (2016)	302-3 Power consumption decrease	"Sustainable Development Policy" Section, p. 56	
Water			
GRI 303: Water (2016)	303-2 Water sources significantly affected by the company's water intake	"Sustainable Development Policy" Section, p. 56	
Emissions			
GRI 305: Emissions (2016)	305-5 Greenhouse gas emissions Decrease (COR2R)	"Sustainable Development Policy" Section, p. 56	
	305-7 NOx, SOx and other significant pollutants emissions	"Sustainable Development Policy" Section, p. 56	
Wastes			
GRI 306: Discharges and wastes (2016)	306-2 Total mass of waste as per type and method of disposal	"Sustainable Development Policy" Section, p. 56	
Compliance with Requirements			
GRI 307: Compliance with Requirements (2016)	307-1 Information on non-compliance with environmental laws and regulations	"Sustainable Development Policy" Section, p. 56	
Social Category			
GRI 103: Management Approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Personnel Policy" Section	HR policy covers social aspects of sustainable development related to HR management.
	103-3 Management Assessment	-	In 2020 it was not conducted.
Employment			
GRI 401: Employment (2016)	401-1 Employees hired and staff turnover	"Personnel Policy" Section, p. 58	
	401-3 Maternity / paternity leave	"Personnel Policy" Section, p. 58	

GRI standard and year of its publication	Index	Page number, section and /or URL	Exceptions / Comments
Relationship between employees and management			
GRI 402: Relationship between employees and management (2016)	402-1 Minimum notice period for material changes in the organization's operations	"Personnel Policy" Section, p. 58	
Health and safety			
GRI 403: Health and safety (2016)	403-2 Types and rates of occupational injuries, rates of occupational diseases, lost days and absenteeism rates, and the total number of job-related fatalities	"Sustainable Development Policy" Section, p. 56	
	403-3 Workers with a high injury rate and a high risk of morbidity related to their occupation	"Sustainable Development Policy" Section, p. 56	
Training			
GRI 404: Education and Training (2016)	404-2 Skills development programs	"Personnel Training and Development" Section, p. 58	
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Composition of governing bodies	"Personnel Content" Section, p. 58	
Consumer health and safety			
GRI 103: Management approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Sustainable Development Policy" Section, p. 56	
	103-3 Management Assessment	-	In 2020 it was not conducted.
GRI 416: Consumer health and safety (2016)	413-1 Assessment of product safety for the consumer	"Sustainable Development Policy" Section, p. 56	
Product marketing and marking			
GRI 103: Management approaches (2016)	103-1 Materiality and limits	"Determining the Report Content" Section, p. 67	
	103-2 Management Approaches	"Sustainable Development Policy" Section, p. 56	
	103-3 Management Assessment	-	In 2020 it was not conducted.
GRI 417: Product marketing and marking (2016)	417-1 Requirements for products and services marking	"Sustainable Development Policy" Section, p. 56	

APPENDIX 3. REPORT ON COMPLIANCE /NON-COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE PRINCIPLES



APPENDIX 4. FINANCIAL STATEMENTS



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Independent Auditors' Report

To the Board of Directors of JSC "KazakhExport" Export Insurance Company

Opinion

We have audited the financial statements of JSC "KazakhExport" Export Insurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



JSC "KazakhExport" Export Insurance Company
Independent Auditors' Report
Page 2

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



JSC "KazakhExport" Export Insurance Company
Independent Auditors' Report
 Page 3

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.

The engagement partner on the audit resulting in this independent auditors' report is:



 Magomedova M. M.
 Certified auditor
 Republic of Kazakhstan
 Auditor's Qualification Certificate
 No. MF-0000594 dated 24 May 2018



KPMG Audit LLC

State Licence to conduct audit # 0000021 issued on 6 December 2006 by the Ministry of Finance of the Republic of Kazakhstan



 Dementyev S.A.
 General Director of KPMG Audit LLC acting on
 the basis of the Charter



1 March 2021

JSC "KazakhExport" Export Insurance Company
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	Note	2020 KZT'000	2019 KZT'000
Gross insurance premiums written	6	3,756,554	2,324,296
Written insurance premiums ceded to reinsurers	6	(9,598)	(44,811)
Net insurance premiums written		3,746,956	2,279,485
Change in the gross provision for unearned premiums	6	(1,933,932)	(569,908)
Reinsurers' share of change in the gross provision for unearned premiums	6	(36,163)	(139,797)
Net earned insurance premiums		1,776,861	1,569,780
Claims paid	7	(1,274,235)	(240,262)
Reimbursement from recourse claims	7	-	6,802
Change in gross insurance contract provisions	7	(2,621,990)	(2,988,533)
Change in reinsurers' share in insurance contract provisions	7	(31,605)	(50,501)
Net claims paid		(3,927,830)	(3,272,494)
Interest income calculated using the effective interest rate method	8	7,179,995	4,786,889
Other interest income	8	48,383	69,489
Interest expense	8	(20,287)	(24,877)
Net gain from change in fair value of investment securities measured at fair value through profit or loss		73,875	73,437
Realised gain from change in fair value of investment securities measured at fair value through other comprehensive income		99,573	-
Net foreign exchange gain		1,150,720	619,708
Net commission expense		(7,424)	(4,496)
General administrative expenses	9	(1,757,809)	(1,647,296)
(Impairment loss)/reversal of impairment loss on debt financial assets		(82,427)	662,640
Other operating expense, net		(16,515)	(134,280)
Profit before income tax		4,517,115	2,698,500
Income tax expense	10	(653,211)	(342,916)
Profit for the year		3,863,904	2,355,584
Other comprehensive income, net of income tax			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve:			
- Net change in fair value		(161,772)	(1,303)
- Net change in fair value transferred to profit or loss		(99,573)	5,200
Other comprehensive income for the year, net of income tax		(261,345)	3,897
Total comprehensive income for the year		3,602,559	2,359,481

The financial statements as set out on pages 6 to 57 were approved by the Management Board on 1 March 2021 and were signed on its behalf by:

R.V. Iskakov
Chairman of the Management Board



Zh.K. Sartkozhinova
Chief Accountant

JSC "KazakhExport" Export Insurance Company
Statement of Financial Position as at 31 December 2020

	Note	2020 KZT'000	2019 KZT'000
ASSETS			
Cash and cash equivalents	11	9,779,322	17,655,699
Placements with banks	12	63,917,841	46,574,121
Investment securities:			
- measured at fair value through other comprehensive income	13	19,928,909	10,224,696
- measured at amortised cost	13	25,576,523	10,682,611
- measured at fair value through profit or loss	13	727,495	660,849
Insurance and reinsurance receivables	14	1,818,877	1,391,256
Reinsurers' share in insurance contract provisions	15	251,027	318,795
Property and equipment		122,212	87,645
Current tax asset		462,562	328,773
Deferred tax assets	10	40,311	36,951
Other assets		247,818	237,245
Total assets		122,872,897	88,198,641
LIABILITIES			
Insurance contract provisions	15	13,000,159	8,444,237
Insurance and reinsurance payables		27,529	65,708
Loan from Samruk-Kazyna JSC		71,876	144,388
Other liabilities		332,872	350,823
Total liabilities		13,432,436	9,005,156
EQUITY			
Share capital	16(a)	100,100,000	71,100,000
Additional paid-in capital on loan received from Samruk-Kazyna JSC at the below market rate		732,819	732,819
Stabilisation reserve		90,508	65,919
Provision for unexpected risks	16(d)	7,544,808	2,555,200
Reserve for changes in fair value of securities		(1,525,112)	(1,263,767)
Retained earnings		2,497,438	6,003,314
Total equity		109,440,461	79,193,485
Total liabilities and equity		122,872,897	88,198,641

JSC "KazakhExport" Export Insurance Company
Statement of Cash Flows for the year ended 31 December 2020

	2020	2019
	KZT'000	KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,517,115	2,698,500
<i>Adjustments for:</i>		
Changes in insurance contract provisions, less reinsurer's share	4,623,690	3,748,739
Amortisation of discount and premiums	(928,632)	(307,360)
Depreciation and amortisation	29,225	16,970
Interest expense on loan received from Samruk-Kazyna JSC	20,287	24,877
(Impairment loss)/ reversal of impairment loss on financial assets	82,427	(662,640)
Net gain from change in fair value of investment securities measured at fair value through profit or loss	(73,875)	(73,437)
Realised gain from change in fair value of investment securities measured at fair value through other comprehensive income	(99,573)	-
Interest income calculated using the effective interest rate method	(6,251,363)	(4,479,529)
Other interest income	(48,384)	(69,489)
Unrealised foreign exchange gain	(1,150,720)	(619,708)
Cash flows from operating activities before changes in operating assets and liabilities	720,197	276,923
(Increase)/decrease in operating assets		
Placements with banks	(17,412,627)	(32,912,669)
Insurance and reinsurance receivables	(398,860)	(385,673)
Other assets	(19,956)	(255,026)
Increase/(decrease) in operating liabilities		
Insurance and reinsurance payables	(38,179)	28,944
Other liabilities	(19,270)	145,715
Net cash used in operating activities before interest received and income tax paid	(17,168,695)	(33,101,786)
Income tax paid	(790,360)	(588,308)
Interest income received	5,941,150	3,486,196
Interest expense paid	(354)	(541)
Cash flows used in operating activities	(12,018,259)	(30,204,439)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and repayment of investment securities	8,311,098	1,062,500
Acquisition of debt securities	(31,045,991)	(13,284,230)
Acquisition of property and equipment and intangible assets	(54,464)	(30,218)
Cash flows used in investing activities	(22,789,357)	(12,251,948)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	29,000,000	34,000,000
Repayment of loan from Samruk-Kazyna JSC	(92,460)	(92,460)
Dividends paid	(2,355,583)	(475,666)
Cash flows from financing activities	26,551,957	33,431,874
Net decrease in cash and cash equivalents	(8,255,659)	(9,024,513)
Effect of movements in exchange rates on cash and cash equivalents	379,282	(191,201)
Cash and cash equivalents as at the beginning of the year	17,655,699	26,871,413
Cash and cash equivalents at the end of the year (Note 11)	9,779,322	17,655,699

JSC “KazakhExport” Export Insurance Company
Statement of Changes in Equity for the year ended 31 December 2020

KZT '000	Share capital	Additional paid-in capital on loan received from Samruk-Kazyna JSC at the below market rate	Stabilisation reserve	Provision for unexpected risks	Reserve for changes in fair value of securities	Retained earnings	Total equity
Balance at 1 January 2020	71,100,000	732,819	65,919	2,555,200	(1,263,767)	6,003,314	79,193,485
Total comprehensive income							
Profit for the year	-	-	-	-	-	3,863,904	3,863,904
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value of investment securities	-	-	-	-	(261,345)	-	(261,345)
Total other comprehensive income	-	-	-	-	(261,345)	-	(261,345)
Total comprehensive income for the year	-	-	-	-	(261,345)	3,863,904	3,602,559
Transactions with owners, recorded directly in equity							
Issue of shares	29,000,000	-	-	-	-	-	29,000,000
Dividends paid (Note 16 (c))	-	-	-	-	-	(2,355,583)	(2,355,583)
Transfer to provision for unexpected risks (Note 16 (d))	-	-	-	4,989,608	-	(4,989,608)	-
Transfer to stabilisation reserve	-	-	24,589	-	-	(24,589)	-
Total transactions with owners	29,000,000	-	24,589	4,989,608	-	(7,369,780)	26,644,417
Balance as at 31 December 2020	100,100,000	732,819	90,508	7,544,808	(1,525,112)	2,497,438	109,440,461

JSC "Kazakh Export" Export Insurance Company
Statement of Changes in Equity for the year ended 31 December 2020

	Share capital	Additional paid-in capital on loan received from Samruk-Kazyna JSC at the below market rate	Stabilisation reserve	Provision for unexpected risks	Reserve for changes in fair value of securities	Retained earnings	Total equity
KZT '000							
Balance at 1 January 2019	37,100,000	732,819	7,904	510,942	(1,267,664)	6,225,669	43,309,670
Total comprehensive income	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	2,355,584	2,355,584
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value of investment securities	-	-	-	-	3,897	-	3,897
Total other comprehensive income	-	-	-	-	3,897	-	3,897
Total comprehensive income for the year	-	-	-	-	3,897	2,355,583	2,359,481
Transactions with owners, recorded directly in equity							
Issue of shares	34,000,000	-	-	-	-	-	34,000,000
Dividends paid (Note 16 (c))	-	-	-	-	-	(475,666)	(475,666)
Transfer to provision for unexpected risks (Note 16 (d))	-	-	-	2,044,258	-	(2,044,258)	-
Transfer to stabilisation reserve	-	-	58,015	-	-	(58,015)	-
Total transactions with owners	34,000,000	-	58,015	2,044,258	-	(2,577,939)	33,524,334
Balance as at 31 December 2019	71,100,000	732,819	65,919	2,555,200	(1,263,767)	6,003,314	79,193,485

APPENDIX 5. GLOSSARY

STB – second-tier banks

GDP – gross domestic product

GVA – gross value added

CLL – civil legal liability

EDB – Eurasian Development Bank

QI – quantum index

KPI – key performance indicator (key performance indicators of activity)

SME – small and medium business

NB RK – National Bank of the Republic of Kazakhstan

NCE – National Chamber of Entrepreneurs

NMH – National Management Holding

IAS – Internal Audit Service

RMS – risk management system

SEZ – special economic zone

DEF – Damu Entrepreneurship Fund

FI – financial institutions

EIC – Export Insurance Company

GRI 102-3, 102-53

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KazakhExport