



KazakhExport

FOUNDATION
FOR EXPORT OF
KAZAKHSTAN

ANNUAL REPORT

2018



KazakhExport

Economic competence of the State is composed of many factors with one of the most important – the products export to the other countries. Support of the export potential is the foundation of successful development of the Kazakhstan economy. Three rectangles put in the graphic symbol of the logo of KazakhExport symbolize the keystones of that foundation – the guarantee of the State, stability and integrity of the export support system.

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KazakhExport

KEY EVENTS in 2018

Making amendments to Resolution of the Management Board of the National Bank of the Republic of Kazakhstan No.170 "On fixing statutory values and methods to calculate prudential standards and other binding rules and limits of the amount of capital of a bank at a particular date and the Rules for calculating and limits of the net foreign exchange position" dated 13 September, 2017 concerning attribution of an agreement of voluntary loan insurance to the hard type of pledge



Relocation
to Astana City



Establishment of
a representative office
in Almaty City



Reissuance of license
No.2.1.55 dated 21 May,
2018 to the right to carry
out insurance (reinsurance)
activity in "general
insurance" industry



Putting into experimental
operation of the single
information platform Digital
Baiterek



Entry of KazakhExport
to the Board
of representatives of
the Insurance ombudsmen
under the new requirements
of the legislation concerning
insurance activity



Signing the Memorandum
of cooperation with the
Azerbaijan export and
investment encouragement
fund – AZPROMO

Signing the Memorandum of understanding and cooperation and the Joint Plan of Actions between the Ministry of Foreign Affairs, the National Chamber of Entrepreneurs of the RK "Atameken" and KazakhExport for the purposes of strengthening of interaction, concurrence and coordination of actions between the parties regarding promotion of the Kazakhstan goods, works and services export in the near and far foreign countries

Affirmation of the financial strength rating assigned by Moody's at the level Baa3/stable

Opening representative offices in the cities of Kazan and Xi'an

Signing a reinsurance agreement between KazakhExport and the Russian export credits and investments insurance agency "EXIAR" under the XIII International Conference "Eurasian Economic Integration"

Signing the Agreement for implementation of joint projects with Belgazprombank OJSC under which the instrument provided for financing trade projects between the residents of the Republic of Kazakhstan and the Republic of Belarus, which is absolutely new instrument for the Belarusian market

In accordance with the State of the Nation Address by the President of the Republic of Kazakhstan dated 5 October, 2018, the funds to support KazakhExport are provided for within the limits of 500 billion tenge for support of the processing industry and non-resource export

Participation in the international exhibition of imported products (China International Import Expo), which is the first in the PRC's history



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Dear Ladies and Gentlemen!

In fulfilment of the State of the Nation Address by the First President of the Republic of Kazakhstan – Yelbassy – Nursultan Nazarbayev: “Third Modernization of Kazakhstan: Global Competiveness” dated 31 January 2017 the government has developed the Strategic Development Plan of the Republic of Kazakhstan until 2025. The principal goal thereof is to attain quality and stable economic recovery leading to social welfare of the Kazakhstan people up to the level of the OECD countries.

One of the systemic reforms furthering achievement of the target goal is activation of the private sector owing to development of competitive environment and export potential. Development of the effective strategy considering potential of the domestic economy

and opportunity to take competitive niche in the world trade will allow ensuring stable development of the country on a long-term horizon.

In August 2017, the Program “National Export Strategy of the Republic of Kazakhstan” for 2018–2022 was adopted. To determine success of the Program specific indicator was taken: sesquifold increase in volume of non-resource Kazakhstan export by 2022 as against 2015, as well as diversification of sales markets and export of goods and services.

In this regard the key role is assigned to “Export Insurance Company “KazakhExport” JSC established in accordance with the best world practices.

The interim results of realization of the National Export Strategy show

positive dynamics. At the end of 2018, the volume of non-primary goods, works and services exports amounted to \$22.9 billion. The outrunning growth is recorded in such industries as wood-working industry – by 62%, chemical industry – by 22%, mechanic engineering – by 19.3%, food industry – by 7.6%.

The export geography is expanding. The major markets for Kazakhstan processed goods became China, Russia, the European Union countries, Uzbekistan, Turkey, Japan, Kyrgyzstan, UAE, and Afghanistan which account for about 75% of the total export.

The basic indicators of foreign trade and export demonstrate stable growth. As compared to 2017, the foreign trade turnover of Kazakhstan increased by 20% up to \$93.5 billion,



export increased by almost 26% and approximated to \$61 billion. Export of the finished products increased by 16%, or by \$485 million.

As at 1 January 2019, KazakhExport supported more than 70 Kazakhstan exporting companies in all regions of Kazakhstan with 27 of which enjoyed the services of KazakhExport in 2018 for the first time. In particular, more than 300 insurance agreements were concluded that 1.5 times more than in 2017. The export contracts to the amount exceeding \$1 billion were supported for supply of the Kazakhstan products of mechanic engineering, metallurgy, chemistry, food and consumer goods industry, agro-industrial complex in such countries as Azerbaijan, Belarus, Germany, Czech Republic, Georgia, China, Mongolia, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

The financial strength rating of the Company assigned by Moody's Investors Service agency is affirmed at the level of Baa3, the outlook of the financial strength rating is kept "stable". It is important to note that Moody's rating agency affirms the Company's rating at the level of the sovereign rating of the Republic of Kazakhstan for several years.

KazakhExport is a full member of such international associations as "Prague Club of the Berne Union" and "Aman Union", which include world's largest export credit agencies. The Company has the wide partner's network in the Russian Federation, Uzbekistan, Tajikistan, and other states.

The measures of the State export support allowed enhancing efficient work of KazakhExport National Company and ensured assumption

in 2018 of the insurance liabilities in the amount exceeding 90 billion tenge that 2.2 times exceeds the level of 2017.

In 2019, KazakhExport will continue to work on institutional development of the Company through receipt of the State guarantee for the liabilities of KazakhExport and increase in equity capital for the purpose of ramping up non-resource export.

**Chairman of the Board of Directors,
Deputy Prime Minister
of the Republic of Kazakhstan
Yerbolat Dossayev**



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Message of the Chairman of the Management Board

Dear Customers, Partners, and Colleagues!

This year became the beginning of the new stage in our activity. KazakhExport took major efforts for institutional development, expansion of the volumes of exporters support and quantity of the companies from the processing sector, which increased export through the use of our instruments.

In 2018, 27 manufacturers-exporters from all regions of Kazakhstan enjoyed support of KazakhExport for the first time in such industries as agro-industrial complex, consumer goods and food industry, mechanic engineering, metallurgy, and chemistry.

At the end of 2018, the amount of export contracts performed with the assistance of KazakhExport

exceeded 370 billion tenge and increased by half as compared to 2017.

Today our partners in all regions of Kazakhstan are both big companies and representatives of the small and medium-scale business. The products of the Kazakhstan manufacturers are exported to Azerbaijan, Armenia, Belarus, Germany, Georgia, Italy, China, Kyrgyzstan, Mongolia, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Japan.

In 2018, we refused non-operating activity relating to reinsurance of classic types of risk, having concentrated on support of non-resource export and development of a new direction – export of services.

Giving our support, the Kazakhstan exporter participates in tender in Slovakia for construction of railroad. One more company concluded the export contract to construct gold beneficiation plant in Kyrgyzstan. The construction materials and equipment produced in Kazakhstan will be used within the scope of the project: electrical equipment, metal structures, sandwich panels, etc.

Having the status of the national company, we expanding the geography of our presence. The work performed by KazakhExport allowed strengthening cooperation with the international development institutions and financial organizations, as well as increasing the number of partners in Russia, Tajikistan, and Uzbekistan. This



ensures our support for the export projects at all stages of implementation.

In accordance with the Development Strategy, in 2018 KazakhExport has opened the first foreign representative office in Kazan, which is operating not only in Tatarstan, but also in the Volga region in general. The work on opening a network of representative offices in near-border regions of Russia, as well as in the countries of the Central Asia, has been commenced.

Considering the tasks entrusted to Export Insurance Company "KazakhExport" JSC, in 2019 the Company, together with the Sole Shareholder – National Management Holding "Baiterek" JSC and the

Government of the Republic of Kazakhstan, will continue to work on enlargement of the customer base, as well as partner banks network development both in Kazakhstan and in the near and far foreign countries.

Thank our customers and partners for fruitful cooperation! I wish financial stability and prosperity!

**Chairman of the Management Board
Export Insurance Company
"KazakhExport" JSC
Ruslan Iskakov**



Emerald Towers

The office complex located in Nur-Sultan. The height of the buildings of the Emerald Towers is 37 and 49 floors. The height of the 49-story building is 201 meters!

01

The architecture of the Emerald Towers is unique with its features: starting from the 32nd floor the area of each subsequent floor is extended. Thus, the buildings become asymmetrical with a top deflecting by 9 meters. The mass of the tallest building is 186 thousand tons. Bored piles and 3-meter-thick base slab were placed in its footing. The concept of the complex was developed by internationally renowned architect Roy Varacalli and Zeidler Partnership Architects (Canada) in cooperation with Bazis Design Institute.

About KazakhExport





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Export Insurance Company “KazakhExport” Joint-Stock Company (hereinafter – KazakhExport) is the national development institution established

to support the Kazakhstan export by implementing insurance instruments to protect export operations. KazakhExport offers the services relating to insurance

of commercial and political risks accompanying performance of foreign economic contracts of the non-resource sector exporting companies.

To support the growth in exports of non-primary goods, works and services in priority sectors of the economy and to form the practices of financial-and-insurance and non-financial support of the Kazakhstan enterprises.

Mission

To become a key development institution in 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.

Vision



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Brief history of KazakhExport

2003

Establishment of KazakhExport (Resolution of the Government of the Republic of Kazakhstan No.442 dated 12 May, 2003).

2010

Increasing the authorized capital stock for the purpose of support of the export trade financing operations.

2005 – July 2018

Operating in the insurance market as a reinsurance organization both on proportional and non-proportional basis.

2013

Joining NMH Baiterek JSC (Sole Shareholder).

2014

Joining Aman Union – Association of the largest export credit agencies of the Islamic states and the Arab world.

2004

Joining the Prague Club of the Berne Union – Association of the largest international export credit agencies (37 agencies, 34 countries and 3 transnational organizations).

Assignment of the international financial strength rating by Moody's Investors Service rating agency.

2012

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

2015

Assignment of the status of an Observer of the Berne Union formed in 1934 and representing an unofficial union of insurance companies engaged in insurance of export credits and investments.

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



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2016

Enlarging the range of insurance support instruments: voluntary loan insurance, advance payment insurance, trade financing in the national currency and the Russian roubles, as well as financial leasing insurance.

Capitalization of KazakhExport in the amount of 14 billion tenge: the financial resources were intended to provide support to the exporters through implementation of pre-export and export trade finance instruments.

Licenses for additional insurance classes – “Loan Insurance” and “Civil Liability Insurance” – were obtained from the National Bank of the Republic of Kazakhstan, and the rules were prepared and new export support instruments were implemented including voluntary loan insurance, advance payment insurance, pre-export financing, and leasing insurance.

2017

Capitalization in the amount of 13.9 billion tenge to support financial stability and increase a scope of provided support.

Transformation of Export Credit Insurance Corporation “KazExportGarant” JSC into Export Insurance Company “KazakhExport” JSC and entry in the list of the national companies.

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

Improvement of the outlook of the financial strength rating Baa3 affirmed by Moody’s – from “negative” to “stable.”

2018

Relocation of KazakhExport in March 2018 to Astana City to the new address: 55A, Mangilik Yel Avenue, Baiterek BC, Astana City.

Establishment of the representative office in Almaty City.

Reissuance of license No.2.1.55 dated 21 May, 2018 to the right to carry out insurance (reinsurance) activity in the “general insurance” industry.

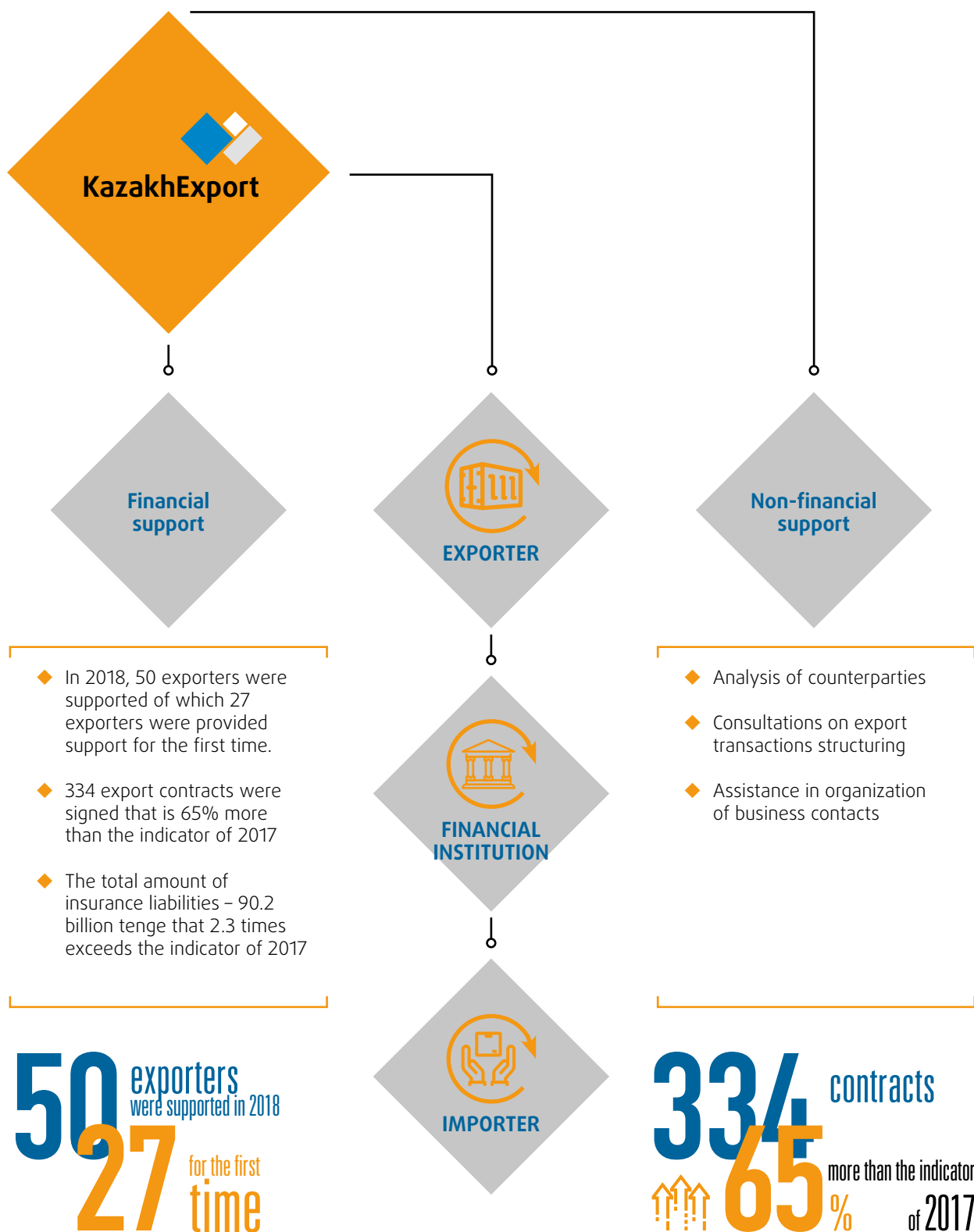
Joining of KazakhExport the Board of the Representatives of the Insurance Ombudsmen under the new requirements of the legislation on insurance activity.

Commencement of works of the foreign representatives in the Cities of Kazan and Xi’an.

Putting into experimental operation of the unified information platform Digital Baiterek.

In accordance with the State of the Nation Address by the President of the Republic of Kazakhstan dated 5 October 2018, the funds to support KazakhExport are provided for within the limits of 500 billion tenge for support of the processing industry and non-resource export.

Business model





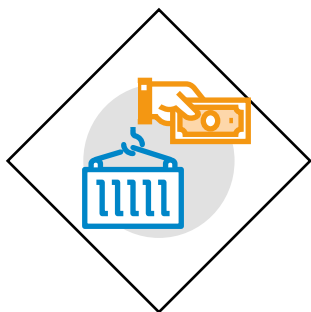
Exporter and an importer conclude an export contract with deferred payment term



The exporter submits an insurance application to KazakhExport



KazakhExport considers an application and concludes an insurance agreement with the exporter



The exporter delivers goods and pays the insurance premium



If the importer does not pay for the goods received, KazakhExport compensates losses of an exporter

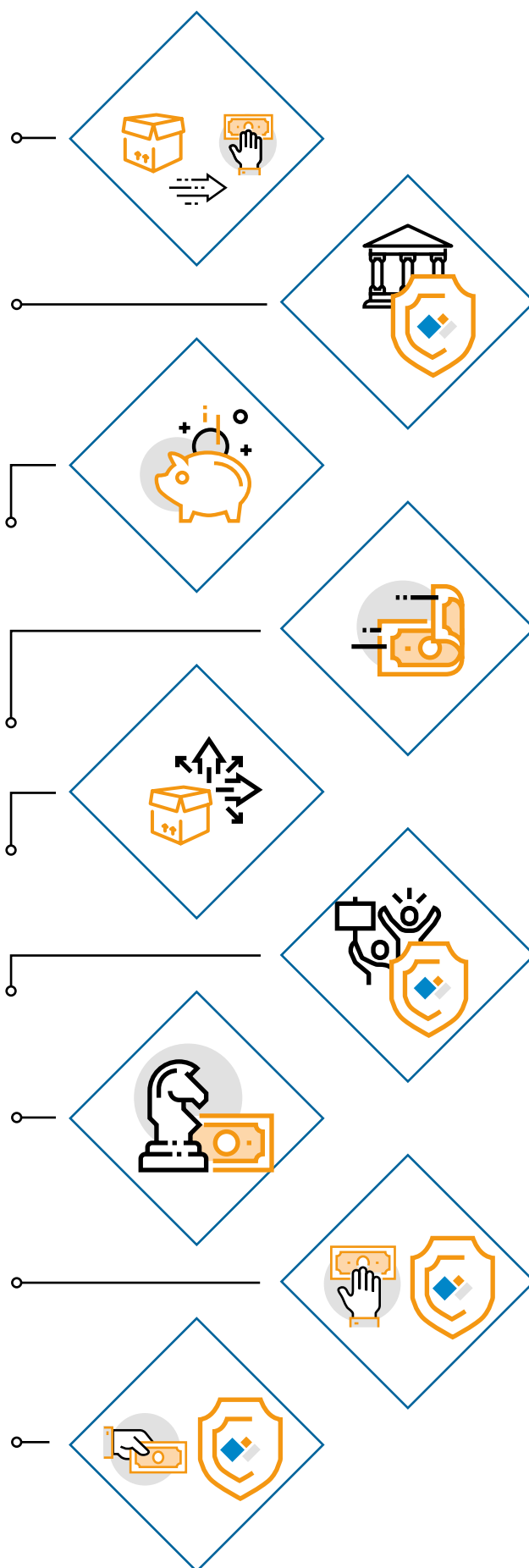
KazakhExport

INSURANCE PROCEDURE*

Note: Example of an instrument to insure an exporter's credit)

Our advantages

- ◆ Opportunity to export subject to payment deferment or to increase volume of export sales subject to payment deferment;
- ◆ Enlarging opportunities and improving conditions of crediting given insurance protection by KazakhExport, as insurance of KazakhExport is a security for bank credits;
- ◆ Reduction of losses upon occurrence of an insured event of political nature, when fulfilment of obligations under an export contract does not depend on a counter-partner abroad;
- ◆ Minimization of payment risks, since even providing a guarantee a risk is not excluded un full;
- ◆ Effective instrument for the strategy of new market "safe entry";
- ◆ Protection of the Kazakhstan investments abroad against political risks;
- ◆ Strategic planning based on revealed export risks;
- ◆ As a rule, the procedure for insurance of export credits requires less expenses than opening a letter of credit;
- ◆ Insurance of export credits is cheaper than factoring operations.



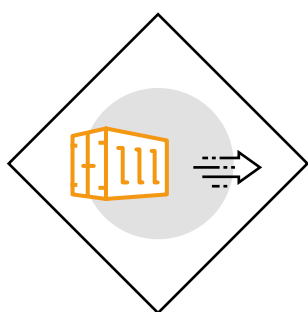
Support instruments

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

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

KazakhExport provides insurance instruments to support the national

export, which are developed in accordance with the best world practices in the area of export credit insurance, as well as meet to the maximum the needs of the potential and active customer.



EXPORTER



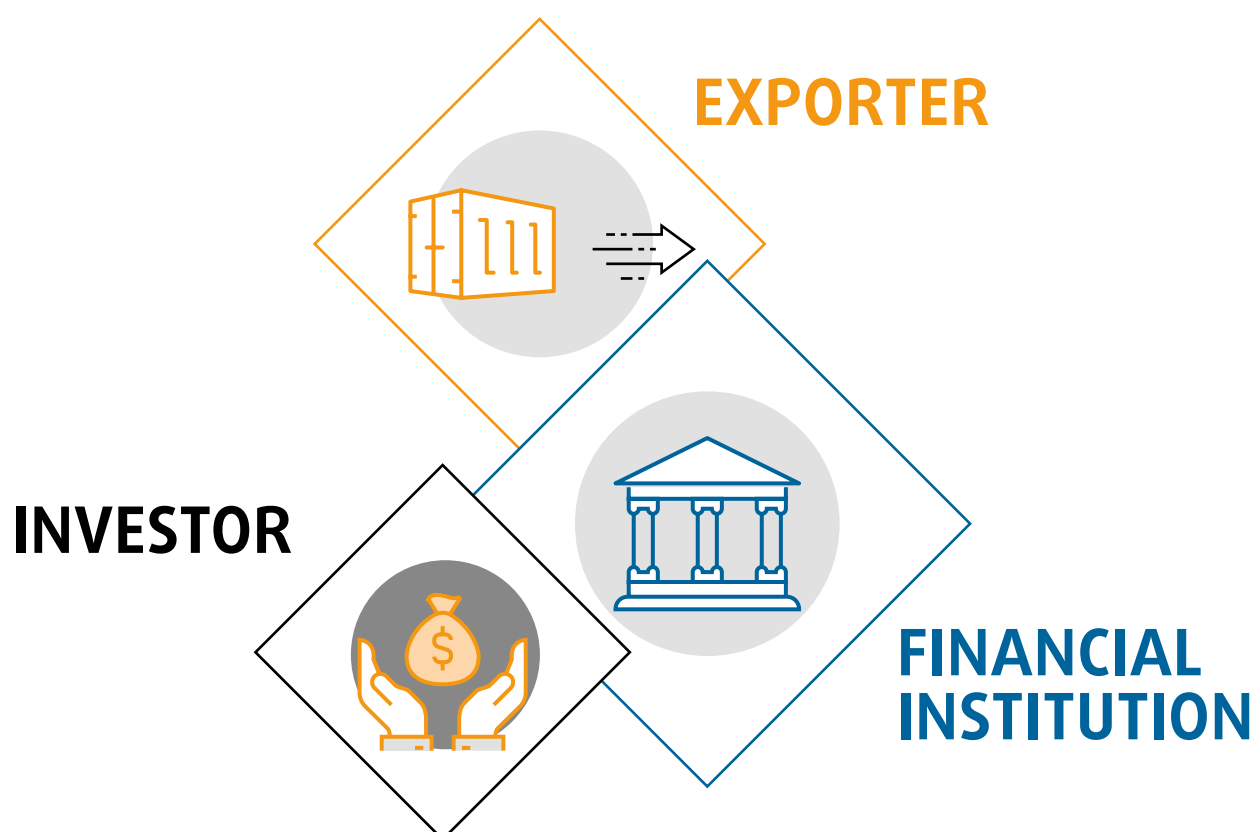
FINANCIAL INSTITUTION



INVESTOR

No.	Product title	Short product description	Covered risks
1	Exporter credit insurance	Product provides an exporter with the coverage of a risk of a foreign counterparty's default in financial obligations when selling its goods/work/service for export providing payment deferment.	Commercial and political
2	Insurance of short-term receivables	Product is designated to protect exporters (as well as banks providing financing for them) against risk of non-payment by foreign purchasers. Given this product, an exporter may insure planned sales turnover.	Commercial and political
3	Pre-export financing	Financing for an exporter to replenish the current assets for the purpose of manufacturing of the export products or performance of the works and services for export.	Commercial and political
4	Advance payment insurance	Product enables to obtain alternative financing in the form of advance payments from the foreign counterparties, which is required to replenish the current assets for the purpose of manufacturing of the export products or performance of the works and services for export.	Commercial and political
5	Insurance of civil liability of exporters under debentures	Protection of the holders of debentures issued by the exporters against risk of default.	Commercial and political
6	Insurance of documentary letters of credit	Product provides a bank of an exporter (confirming bank) with the coverage of a risk of default in financial obligations of an issuing bank opened a documentary letter of credit on behalf of an importer in favour of an exporter.	Commercial and political
7	Export trade financing	Financing is provided indirectly through the second tier banks through settlements in the form of a letter of credit.	Commercial and political

No.	Product title	Short product description	Covered risks
8	Loan insurance	Product enables to obtain access to borrowed capital in order to develop export providing insufficient collateral and/or unwillingness of a creditor to assume a risk on transaction in full.	Commercial and political
9	Financial leasing insurance	Product enables to obtain access to leasing products in order to purchase equipment providing insufficient collateral and/or unwillingness of a lessor to assume a risk on transaction in full.	Commercial and political
10	Insurance of a bank payment guarantee	Product enables the participants of the international tenders to provide bank guarantees issued by the second tier banks of the Republic of Kazakhstan without being conditioned by confirmation by the foreign financial institutions.	Commercial and political
11	Bank guarantee insurance	Product provides coverage to the financial institutions of a risk of a foreign bank's default in obligations.	Commercial and political
12	Insurance of civil liability of an exporter under forward foreign exchange transactions	Providing insurance coverage to the banks against risk of exporters' default in obligations under forward foreign exchange contracts.	Commercial and political
13	International factoring insurance	Insurance coverage for a financial organization with respect to the factoring operations of the risk of foreign counterparties' default in their contractual obligations.	Commercial and political
14	Insurance of the Kazakhstan investments abroad	Product provides coverage for the Kazakhstan investor of the risk of loss due to political risks in a country of investment.	Political





Mausoleum of Khoja Ahmed Yasawi

The mausoleum on the grave of the poet and preacher Khodja Ahmed Yasawi located in Turkestan in Turkestan Region.

02

The still existing mausoleum was built by order of Tamerlane 233 years after death of Khodja Ahmed Yasawi. In 1395, Tamerlane inflicted a defeat on Tokhtamysh Khan, the ruler of the Golden Horde, and burned the city of Sarai-Berke which was the capital of the Horde. The commander decided to build a new grandiose memorial complex in place of the old mausoleum of Khoja Ahmed Yasawi in order to commemorate that victory.

Development strategy



In accordance with the instruction of the Head of the State, the Government Program “National Export Strategy of the RK” was developed for the years 2018–2022 (National Export Strategy, NES). The goal of the National Export Strategy of the RK is to create conditions to increase the volume of non-resource export 1.5 times by 2022 (as against the level in 2015) and twice by 2025, as well as to diversify sales markets and export of the goods and services.

KazakhExport strategy determines directions of development under conditions of expected growth of both the export-oriented activity in the non-resource sector of economy and the volumes of support of export up to the target

level of 1% GDP. On the one hand, KazakhExport must contributing 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 enlarging customer base under conditions of increase in volumes of rendered 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 efficiency.

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 of payment risk in foreign trade transactions and guarantees safety of export transactions.

The primary goal of the government policy in the area of export is to diversify the export basket and to ensure growth of the non-resource export at outstripping rates.

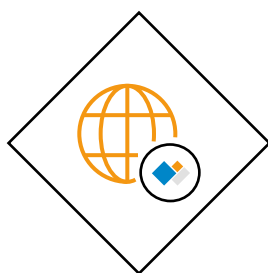
Subject to the tasks of the National Export Strategy, the key strategic goals of KazakhExport are to increase the volume of supported export contracts and to increase the number of exporters received financial support up to the target values.

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



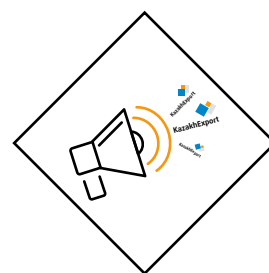
1

Attracting active and potential exporters in the regions



2

Organizing business contacts through the foreign representative offices



3

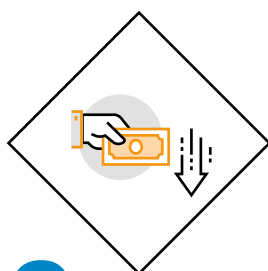
Enhancing recognisability and awareness of activity of KazakhExport

In turn, increase in the number of export transactions per supported exporter may be achieved through:



1

Creating a unified Internet resource for the exporters (Digital Baiterek)



2

Cutting the cost of crediting and insurance services



3

Enhancing efficiency by means of automation of business processes

Key strategic indicators

Amount of export contracts



420 billion tenge

Volume of assumed insurance liabilities



90.2 billion tenge

Volume of export revenue earned by the companies using KazakhExport support instruments



104.5 billion tenge

Number of export contracts



334 ea.

Volume of products manufactured by the entrepreneurs received support



157.8 billion tenge

Return on assets



ROA 3.3 %

Nº	Key performance indicator	Unit	Actually, 2018	Planned, 2019	Planned, 2020	Planned, 2021
1	Amount of export contracts	billion tenge	420	250	300	350
2	Volume of export revenue earned by the companies using KazakhExport support instruments (with accumulations since 2014)	billion tenge	104.5	149.3	199.0	248.8
3	Volume of assumed insurance liabilities	billion tenge	90.2	95.0	125.0	155.0
4	Number of exporters received support of KazakhExport for the first time	ea.	27	20	20	20
5	Volume of products manufactured by the entrepreneurs received support (with accumulations since 2014)	billion tenge	157.8	149.3	199.0	248.8
6	Number of export contracts	ea.	334	318	328	338
7	ROA	%	3.3	not less than 1	not less than 1	not less than 1

Results of work in the strategic directions

Strategic Direction 1. Improving export support instruments

The purpose of this direction is to improve the financial and service measures of support of the domestic exporters. These measures are aimed at support of financial stability in the context of assumption of the new insurance liabilities and expansion of KazakhExport activity.

In accordance with the Law of the Republic of Kazakhstan "On the republican budget for 2019–2021" dated 30 November, 2018, in March

2019, KazakhExport was capitalized to the amount of 34 billion tenge.

For the purposes of provision of the government guarantee, KazakhExport developed a set of amendments to the Budget Code of the Republic of Kazakhstan concerning provision of the government guarantee for insurance payments to support export, which amendments became effective in April 2019.

Moreover, in 2018, resolution of the Management Board of the National Bank of the Republic of Kazakhstan No.170 "On fixing statutory values and methods to calculate prudential standards and other binding rules and limits of the amount of capital of a bank at a particular date and the Rules for calculating and limits of the net foreign exchange position" dated 13 September, 2017 was amended concerning attribution of an agreement of voluntary loan insurance to the hard type of pledge.

Strategic Direction 2. Creating conditions to increase the number of exporters

The purpose of this direction is to enhance recognisability and awareness of KazakhExport and to increase the volumes of financial support for the exporters through regional and foreign presence with focusing on small and medium-scale business and priority industries.

In 2018, the new version of the organization chart of KazakhExport was approved, which version provided for four salaried foreign representatives and the representative offices were opened in the cities of Kazan and Xian.

The arrangements for organization of business contacts of potential foreign importers and the Kazakhstan manufacturers of the goods were made in the past year.

The meetings with the banks of Uzbekistan and negotiations with the private companies in Kyrgyzstan were held in April-May 2018. Likewise, KazakhExport organized the trade mission in Azerbaijan together with the Foreign Trade Chamber.

KazakhExport made arrangements to expand the business contacts between the domestic exporters and the foreign partners on the platforms of the international business forums held in Kazakhstan (AEF, II Kazakhstan-America Business Forum, Kazakhstan-Poland Business Forum, opening of the IFCA, etc.).

The trade mission to the cities of Minsk and Moscow were organized together with the Foreign Trade Chamber in September 2018. A number of the meetings were held with the banks of Belarus, the Russian Federation and the negotiations were held concerning an opportunity to cooperate with the customers of those banks with respect to the export trade financing.

In October 2018, at the invitation of the Foreign Trade Chamber KazakhExport took part in the Trade and Economic Mission in Xian (PRC) where the opportunities of export of the Kazakhstan goods using the financial instruments of KazakhExport were considered.

During October-November 2018 KazakhExport took part in bilateral meetings of B.A. Sagintayev, the Prime Minister of the Republic of Kazakhstan, and the representatives of Azerbaijan and the Russian Federation within the framework of which the materials concerning an opportunity of participation of KazakhExport in the projects of supply of locomotives to the Republic of Azerbaijan were submitted.

In November 2018, KazakhExport took part in the annual conference organized by the Eurasian Development Bank. On the side lines of the conference a reinsurance agreement was concluded with the Russian export credit and investment insurance agency – EXIAR.

On the basis of the existing infrastructure of the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken" (hereinafter – the NCE) the employees of the NCE were trained to use the products of KazakhExport in 14 regional centres of the country, as well as the cities of Astana, Almaty, and Shymkent. The total

number of employees visited training seminars is 61.

On the basis of the existing infrastructure of the partners – EDF DAMU JSC and Agrarian Credit

Corporation JSC – the employees of the companies-partners were also trained to use the products of KazakhExport in all of 14 regional centres, as well as in the cities of Astana, Almaty, and Shymkent.

The total number of employees visited training seminars is: EDF DAMU JSC – 99 and Agrarian Credit Corporation JSC – 78.

Strategic Direction 3. Enhancing operating efficiency

The purpose of this direction is to improve internal processes of KazakhExport through development of the human capital assets, implementation of innovative technologies and automation of the business processes, as well as rendering of the financial services on the principle of “one-stop service” by implementing the single portal of support of the Kazakhstan exporters.

In 2018, participation of the employees of KazakhExport in SME Specialist Meeting 2018 in Ljubljana (Republic of Slovenia) was organized. The training “Collection of credit information and Underwriting of purchaser” was received in Amman (Jordan).

Moreover, the training was organized in insurance of export credits and investments by EXIAR (Moscow, Russia) regarding: “Methods of insurance of the receivables of an exporter, subsidizing a fee rate on trade/pre-export financing. Methods to assess the credit risks”.

As a part of the new organization chart, KazakhExport increased a share of employees of the front office from 17 up to 26 persons. The Senior Managers of the Department of Insurance in the direction “Attraction” are assigned to each region of Kazakhstan in order to establish communications with the exporters. The regional managers visit the regions supervised on a regular basis in order to get in contact and to establish

communications with the exporters, local executive authorities, NCE, as well as the branches of the second tier banks.

The agreements with the Russian export credit and investment insurance agency – EXIAR – regarding probation of the employees of KazakhExport and cooperation for exchanging employees within the framework of the international probations with the countries-partners (Poland, Russia, UAE) are at the stage of negotiations.

For the purposes of preparation of the complex support of entrepreneurs at all levels on the principle of “one-stop service”, Digital Baiterek unified information platform is put into experimental operation.

As part of this platform KazakhExport implements 6 exporter support measures:



Voluntary loan insurance



Voluntary financial leasing insurance



Export trade financing



Bank payment guarantee insurance



Exporter credit insurance



Pre-export financing

To enhance operating efficiency, in 2018, KazakhExport automated 50 reports, as well as developed additional modules as part of the accounting information system – 1C.

Besides this, the work is performed on integration of 1C and the automated information system PrSO designated for the purposes of reporting by all insurance organizations. Integration

allowed automating preparation of the regular reports of KazakhExport submitted to the National Bank of the Republic of Kazakhstan.



Nurly Tau Business Center

A modern administrative residential complex with a total area of more than 8 hectares located in the business part of Almaty.

03

The Nurly Tau Multifunctional Complex is a dominating structure of the office center of Almaty and the largest community center in Kazakhstan. The unique Hi-Tech architecture of the complex mirrors the silhouettes of Trans-Ili Alatau Mountains. To achieve this effect, a special gray-blue tempered light-reflecting glass was used.

Operating results





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The insurance activity in the Republic of Kazakhstan is carried out by the legal entities holding a license to carry out insurance activity issued by the competent authority.

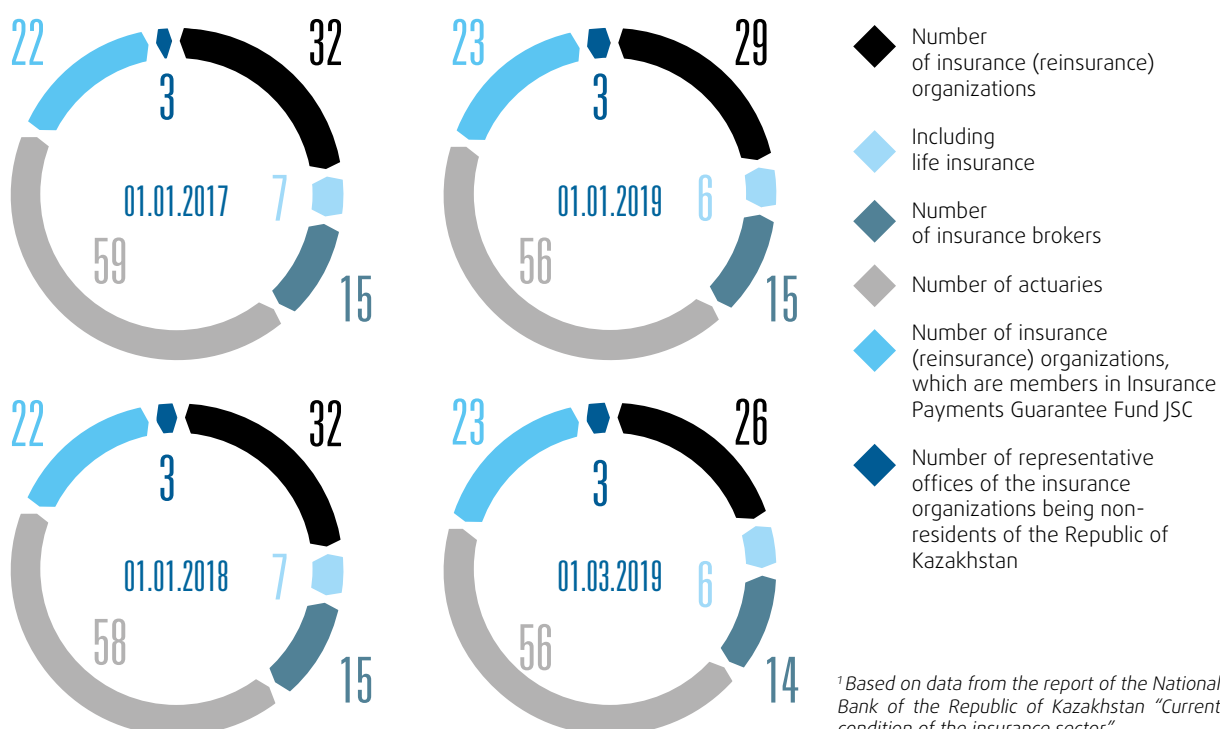
As at 1 January, 2019, the structure of the insurance market is represented by 29 companies¹.

In addition, notwithstanding that many insurance organizations hold licenses for almost all categories of insurance in "General insurance" industry, the export credits and investments abroad are not insured against risks of their non-payment. These functions in the market of Kazakhstan are performed by KazakhExport only.

Activity of KazakhExport is aimed at development of the non-resource export of the country through implementation of the insurance support instruments. The basic macroeconomic index affecting activity of KazakhExport is export of the products of the processing sector of the economy.

Structure of the insurance market of the Republic of Kazakhstan for 2016–2019:

Institutional structure of insurance sector





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Basic insurance activity performances

Owing to performed work of KazakhExport on development of the line of instruments and attraction to cooperation of the second tier banks and development institutions, in 2018, more than 50 manufacturers-exporters received support of KazakhExport in all regions of Kazakhstan of which 27

companies received support for the first time.

From commencement of activity about 65 companies in total received support in such industries as mechanic engineering, metallurgy, chemistry, food and consumer goods industry, agro-industrial complex

(meat processing, egg production, vegetable production, etc.).

In general, during the period from 2014 to the present time KazakhExport demonstrates growth in volumes of support rendered to the exporters of the Kazakhstan goods.

Items	2016	2017	2018
Amount of assumed liabilities (million tenge)	19,485	40,087	90,197
Amount of premiums under insurance agreements (thousand tenge)	638,492	1,060,186	2,119,505
Amount of supported export contracts (million tenge)	92,828	196,137	419,778
Volume of provided trade financing (million tenge)	808	2,454	10,265*
Volume of provided pre-export financing (million tenge)	470	4,803	6,911
Number of supported manufacturers	32	42	27 (new)
Number of insurance agreements	126	203	334
Number of insured export shipments	1,193	1,859	1,935
Number of foreign purchasers	96	108	191

Support of export increased by

2,2 times
as compared to 2017

Export contracts support to the amount of

420 billion tenge

* The TF projects are additionally financed at the expense of funds of the STBs to the amount of 2.2 billion tenge



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Over 2018, the volume of rendered insurance support of export increased more than by 2.2 times as compared to 2017. In addition, 334 export contracts are supported during 2018 to the total amount of 420 billion tenge that is 2.1 times more than the similar indicator in 2017.

Dynamics of growth of the number of insured export supplies, foreign importers-counterparties and concluded insurance agreements may be observed. During 2018 KazakhExport insured 1,935 export shipments made to 191 foreign importers-counterparties. 328 insurance agreements were concluded given received 477 applications.

In 2018, the products of the Kazakhstan manufacturers were exported with support of KazakhExport to such countries as Russia, China, Japan, Italy, Germany, Belarus, Kyrgyzstan, Azerbaijan, Georgia, Armenia, Tajikistan, Uzbekistan, Turkmenistan, and Mongolia.

In 2018, the companies from the following sectors of the processing industry received financial and insurance support:

◆ **Mechanic engineering** (Kaynar-AKB, Kentau and Ural transformer works, SaryarkaAutoProm,

Hyundai Trans Auto Kazakhstan, KEMONT, KARLSCRONA);

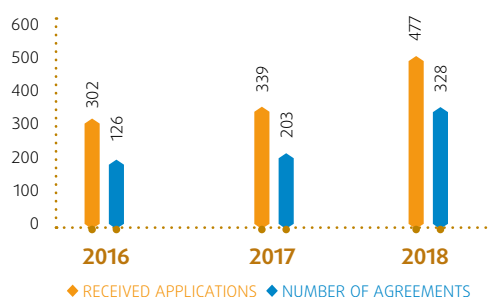
◆ **Food industry** (Raiymbek group, RG Brands, Rakhat, Bayan Sulu, Almaty product, Eurasian Foods, Molprodukt, Araltuz, Tulpar Firm, Shymkentmay, EXPO FOOD, Iceberg PV, Unix, Ural poultry farm);

◆ **Chemical industry** (Polymer Production, HILL CORPORATION), totally 42 manufacturing facilities and exporters of the services representing both big business entities, as well as small and medium-scale business entities.

Dynamics of amount of export contracts and amount of assumed insurance liabilities, million tenge



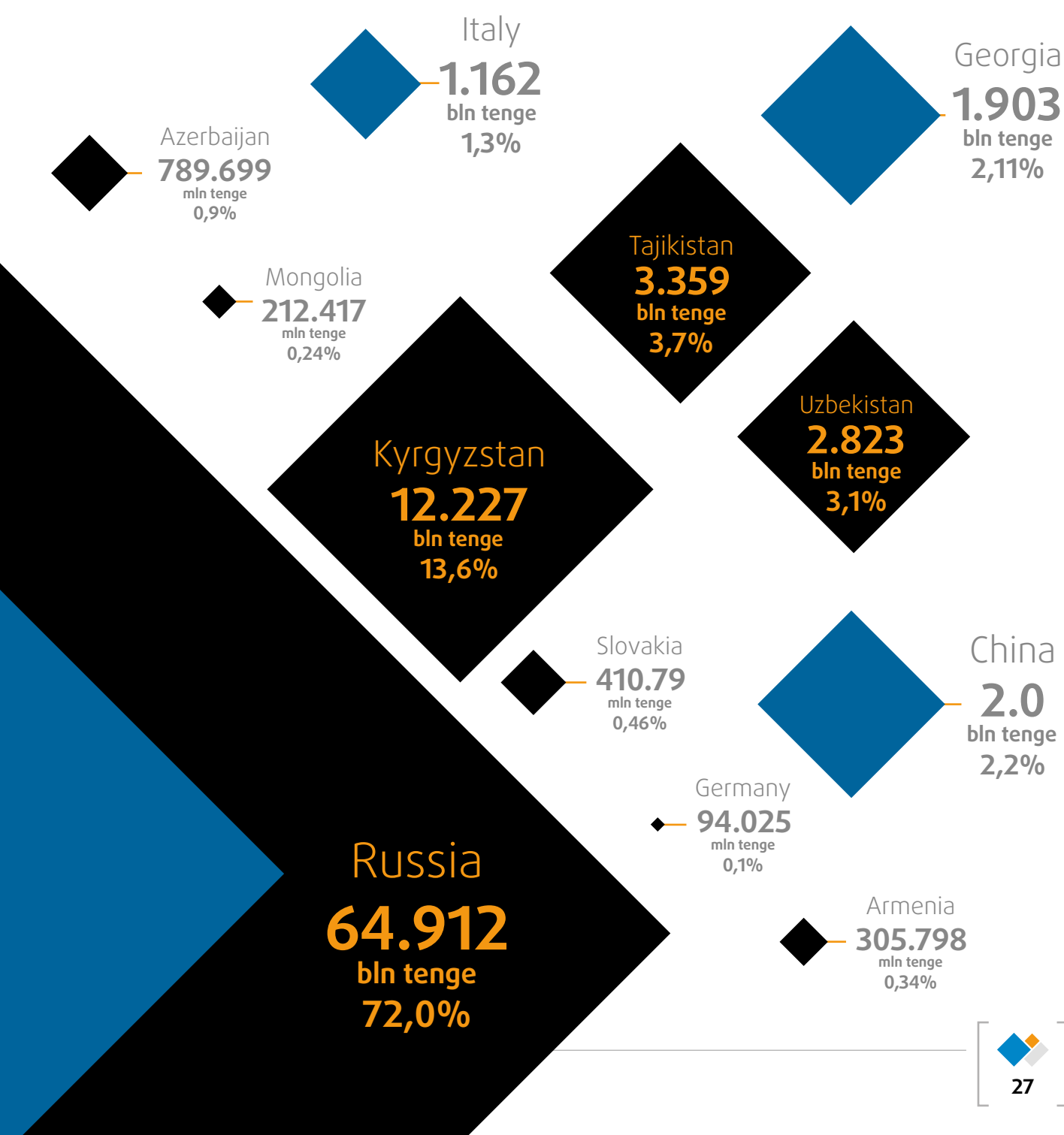
Dynamics of the number of received applications and concluded insurance agreements (items)





Information about amount
of liabilities assumed in 2018 broken
down by regions of export

TOTAL
90.197
bln tenge
100,0%





Priority sectors supported by KazakhExport during 2018, million tenge

TOTAL
Amount of liabilities
90,197
mln tenge
Amount
of export contracts
419,778
mln tenge

EXPORT SERVICE / WORK

Amount
of liabilities
17,102
mln tenge



Amount of export
contracts
62,319
mln tenge

Integra Construction KZ
Kazgiprotsvetmet
AAEngineering
Omas Integrated

FOOD INDUSTRY

Amount
of liabilities
33,722
mln tenge



Amount of export
contracts
148,424
mln tenge

Rakhat
(confectionery)
Bayan Sulu
(confectionery)
Arassan Firm
(drinks, beer)
Almaty product
(confectionery)
RG Brands Kazakhstan
(drinks)
Araltuz
(edible salt)

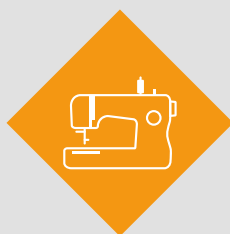
Tulpar Firm
(sausage products)
Raimbek Bottlers
(drinks)
AkOrda Capital
(meat processing)
Shymkentmay
(oil and fat products)
Eurasian Foods Corporation
(oil and fat products)
EXPO FOOD
(cereals)

Rakhat-Oral
(confectionery)
Iceberg PV
(semi-finished products)
Unix
(drinks)
Ural poultry farm
(chicken egg)
Seynar
(oil and fat products)



CONSUMER GOODS INDUSTRY / CONSTRUCTION MATERIALS

Amount
of liabilities
231
mln tenge



Amount of export
contracts
11,184
mln tenge

AGF group
Alina Group
Penoplex
Baltexile

MECHANIC ENGINEERING

Amount
of liabilities
9,091
mln tenge



Amount of export
contracts
105,804
mln tenge

Kaynar-AKB
KTW and UTW
SaryarkaAutoProm
Hyundai Trans Auto Kazakhstan
KEMONT
KARLSKRONA LC AB

METAL WORKING CHEMICAL INDUSTRY

Amount
of liabilities
13,953
mln tenge



Amount of export
contracts
53,595
mln tenge

KSP Steel
ArcelorMittal
TMP
TEMIC
KazArmapirom
Polymer Production
HILL CORPORATION

AIC – FINISHED PRODUCTS

Amount
of liabilities
16,098
mln tenge



Amount of export
contracts
28,752
mln tenge

Qaraoi
(meat production)
Terra
(meat production)
Green Land Alatau
(greenhouses)
Green Capital Kazakhstan
(greenhouses)
Zharkent starch works
(molasses)

Meat Processing and Service
(meat production)
AkTep
(meat production)
Kayip Ata
(meat production)
AsiaAgroFood
(molasses)
Khlopkiprom-Cellulose
(cellulose)

TOTAL



Amount of export contracts

419,778
mln tenge



Amount of liabilities

90,197
mln tenge



Number of export contracts

334

Support of EIC KazakhExport JSC during 2018, broken down by regions of the Republic of Kazakhstan



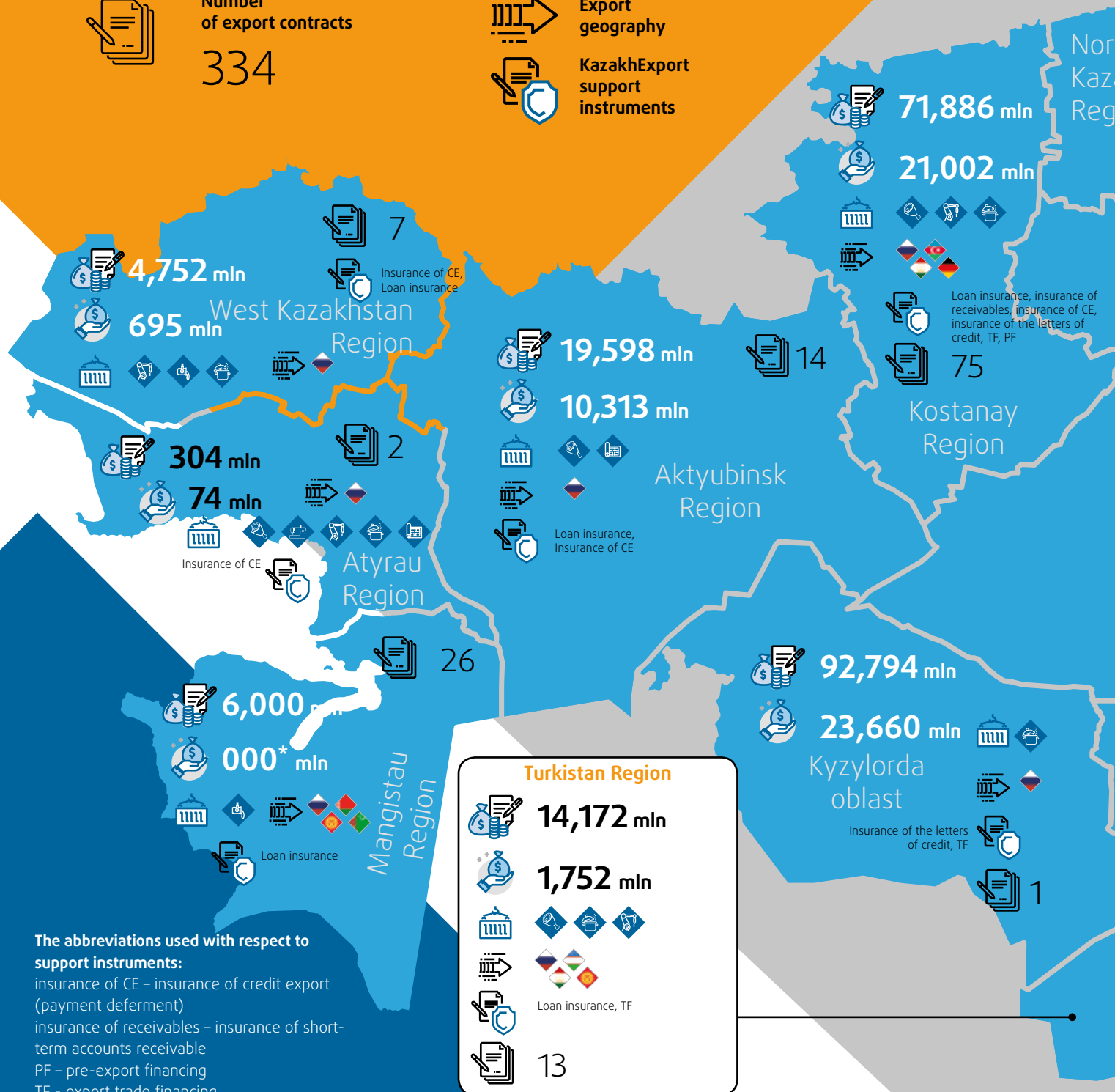
Industry



Export geography



KazakhExport support instruments



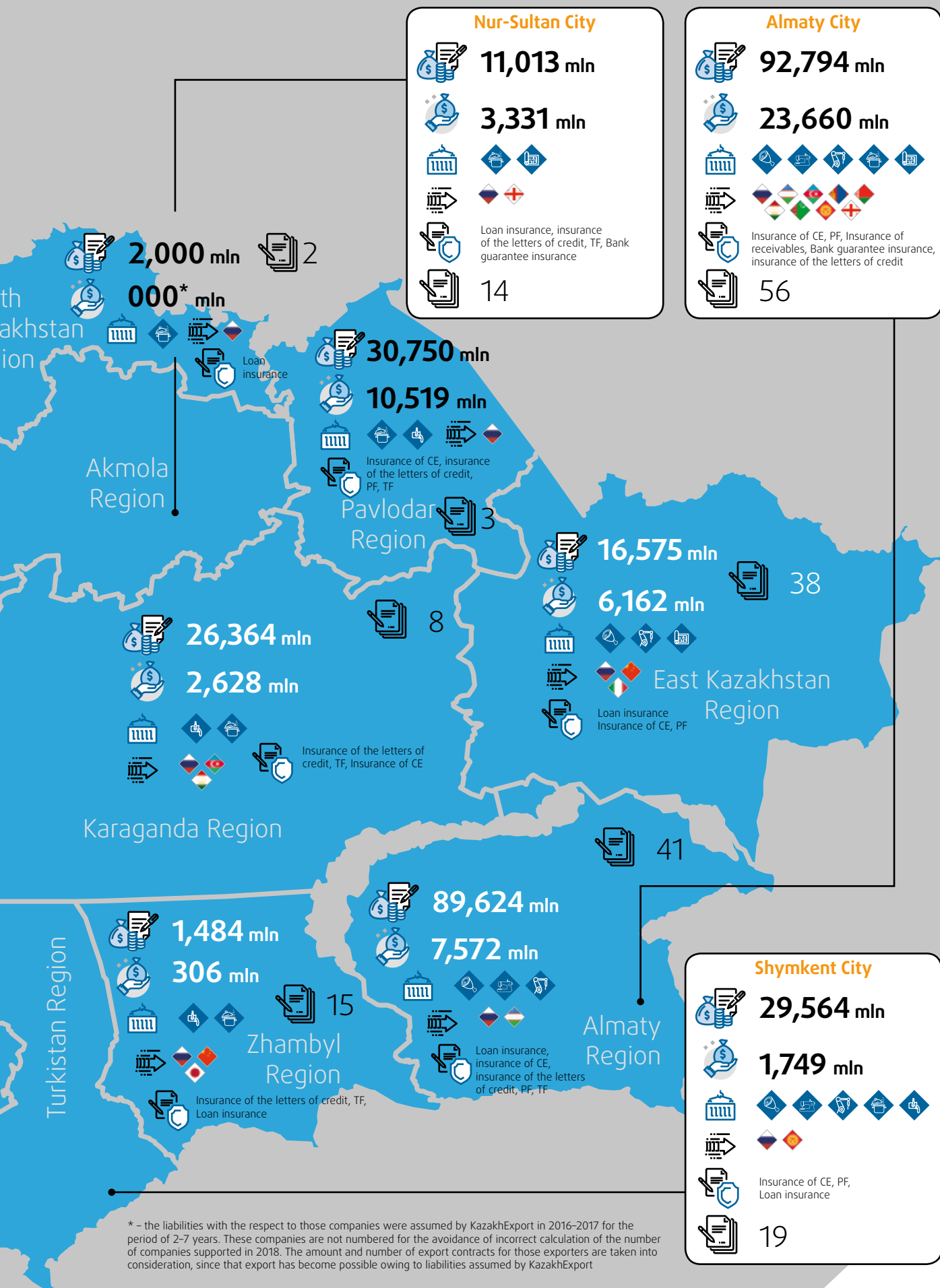
The abbreviations used with respect to support instruments:

insurance of CE – insurance of credit export (payment deferment)

insurance of receivables – insurance of short-term accounts receivable

PF – pre-export financing

TF – export trade financing



Basic reinsurance activity performances

During the period from 2015 to 2018 the estimated capacity (share) of the market of reinsurance for KazakhExport is evaluated based on amount of reinsurance premium reinsured to the residents.

In addition, KazakhExport does not assume risk reinsurance in highly loss-making categories of insurance, such as “motor transport insurance”, “annuity insurance”, “medical reinsurance” and some types of civil liability insurance.

Starting from the second half of the year 2018 activity of KazakhExport relating to reinsurance was focused on primary activity, and increase in volume of business relating to incoming reinsurance from the local market is not observed.

During 2018, 183 agreements are entered into for incoming reinsurance to the amount of charged gross premiums totalling 561 million tenge, and 7 agreements – for incoming reinsurance of direct insurance agreements to the amount of charged premiums totalling 217 million tenge.

Owing to the reasonable Policy of reinsurance, quality underwriting of reinsurance risks, the level of

payments is 20% below the average level of payments in the market.

Estimated capacity (share) of the market of reinsurance fort 2015–2018, (million tenge)

Items	Period			
	2015	2016	2017	2018
Total amount of insurance premiums	288,272	356,903	370,173	384,845
Reinsured, total	89,883	131,580	129,736	89,835
(%)	31.18	36.87	35.05	23.34
<i>Of which reinsured to the residents</i>	<i>14,614</i>	<i>18,327</i>	<i>20,668</i>	<i>14,676</i>
(%)	5.07	5.14	5.58	3.81
Collection of net reinsurance premiums of KazakhExport	492	297	281	219
Share of KazakhExport in % of the market premiums transferred to the residents	3.37	1.62	1.36	1.49

Information about reinsurance activity for 2015–2018, (million tenge)

Items	Period			
	2015	2016	2017	2018
Gross incoming reinsurance premium	575	474	845	561
Payments made	170	77	63.70	90.21
Level of payments subject to indemnity (%)	29.62	16.24	7.54	16.08

Major transactions settled with support of KazakhExport

1) KSP Steel LLP, Pavlodar City

The first Kazakhstan company producing steel seamless pipes for the oil-and-gas industry was established early in 2007. The manufacturing centre of the company is located in Pavlodar City; it is here where KSP Steel plant was officially opened in December 2007 with the participation of Nursultan Nazarbayev, the First President of the Republic of Kazakhstan. The total

area on which the manufacturing facilities of the company are situated is about 133 ha. More than 7,500 professionally trained specialists work here. The plant operations are coordinated by the head office of the company located in Almaty City. In order to increase the share of export and to entry the world market the exporter asked KazakhExport to help. The national company rendered

support regarding insurance of export credit, pre-export financing and export trade financing. In 2018, three transactions were concluded with KSP Steel, and two transactions were concluded for the purpose of export of the large shipments of seamless pipes to the Russian Federation within the framework of which the manufacturing company successfully exported the products

to the amount of about 550 million Russian roubles. In October 2018, KazakhExport rendered support to KSP Steel Company in insurance of exporter credit and pre-export financing to replenish current assets in the amount of 2.65 billion tenge. The transaction was settled together with SB Alfa-Bank JSC.

2) AkTep LLP – meat-processing industrial complex, Aktobe City

AkTep LLP is a company producing ecologically clean meat products, which has the present-day technologies. The company carries out on its own the entire processing process: from livestock breeding, compound feed output, fattening, meat processing to shipment of the finished products customized for a particular consumer. The project was financed through the facility of Agrarian Credit Corporation

Owing to support provided by KazakhExport the company could raise the volumes of export of steel seamless casing, oil line, pumping-and-compression pipes and collars to the Russian Federation.

JSC under the crediting program Agroexport; the loan is insured by KazakhExport.

The company-manufacturer was financed to the amount of 2.9 billion tenge to purchase 18 thousand of bovine animals for the feeding station that allowed increasing the volumes of export to the Russian Federation.

3) Zharkent starch plant LLP, Almaty oblast, Zharkent Town

Zharkent starch plant LLP is a new plant having the modern line for advanced processing of corn grain to starch using the up-to-date equipment and high technologies. The purpose of the project is to satisfy growing volume of needs in starch products of the companies of the Republic of Kazakhstan, as well as the near and far foreign countries. The company has considerable experience of work in that industry and a wide customer base; moreover, the market of demand for starch products is being constantly studied.

Zharkent starch plant LLP has a number of competitive advantages:

- the industrial complex was established by means of the state-of-the-art technologies using only high-technology equipment and advanced materials;
- the manufacturing departments are designed and constructed under the direction of the best world specialists in the starch industry;
- the entire industrial complex is 80% automated that allows producing the

KSP Steel successfully exported the products to the amount of **550 mln Russian roubles**

replenishment of current assets in the amount of **2.65 bln tenge**

AkTep LLP was financed to the amount of **2.9 bln tenge** to purchase **18 thousand of bovine animals**

KazakhExport approved the limit of financing to **Zharkent starch plant LLP**

1.5 mln USD

Support of **KazakhExport** allowed **Zharkent starch plant LLP**

2 -fold increase in the volume of export

products with exact carbohydrate composition and reducing cost of the products;

- high provision with the up-to-date devices allows ensuring and controlling quality of the entire production cycle: from incoming raw materials to finished products.

For the purpose of support of the domestic exporter and provision for the Uzbek importer with favourable terms of financing, KazakhExport structured and approved the limit of financing to the amount of \$1.5

million together with SB Alfa-Bank JSC and Asia Alliance Bank JSCB (Uzbekistan). To organize the financing of that transaction EIC KazakhExport JSC established partnership relations with one of the Uzbek banks, studied its financial position and fixed for that bank a specific limit of risk of default on interbank loan.

Support of KazakhExport allowed Zharkent starch plant LLP doubling the volume of export of corn starch and molasses to Uzbekistan.

4) AGF Group PK LLP, Shymkent City

AGF Group PK LLP is the largest manufacturer of home textiles in Kazakhstan. The factory is located within Ontustik Special Economic Zone (SEZ), Shymkent City. Owing to advantageous geographic location the company has access to the major markets of raw materials suppliers (China, India, Pakistan, Turkey, etc.), as well as the sales market (Russia, EU), and taking advantage of the preferences of the SEZ and the Customs Union it offers advantageous conditions for cooperation: best prices, short terms of supplies, high quality of the products.

With the support of KazakhExport the Kazakhstan exporter increased the volume of sale of its products to the foreign markets with setting the record. Two years ago the annual revenue from sale of the products of the company amounted to 450 million tenge, and during 2018 the volume of export of the sewing factory increased up to 4.9 billion tenge.

EIC KazakhExport JSC insured risks of Tengri Bank JSC the borrower of which is AGF Group PK LLP.

AGF Group PK LLP
annual revenue growth
from sale of the products
for 2 years from
450 mln tenge
to **4.9** bln tenge

5) Green Land Alatau LLP, Almaty oblast, Kapchagay

The greenhouse complex of Green Land Alatau LLP is specializing in production of ecologically clean vegetable produce, it supplies directly to the large-sized sales channels and hypermarkets of Almaty City and Almaty oblast, as well as wholesale supplies to the Russian Federation.

The greenhouse complex is equipped with the up-to-date European equipment – Dalsem (Netherlands) – with the application of the advanced technologies of vegetable production, such as hydroponics, drop irrigation, supplementary

lighting system, mist irrigation system, and curtain system.

The Kazakhstan manufacturer of the vegetable produce under coverage successfully competes in the foreign markets. The year round, already for seven years, Green Land Alatau LLP produces the best breeds of tomatoes and cucumbers without genetic modification; it forms the personnel reserve for the greenhouse industry; it exports more than 7 thousand tons of vegetables to the Russian market on annual basis.

Green Land Alatau LLP
exports annually to
the Russian market
7 thousand
tons
of vegetables

Thanks to the special interplanting technology, the company grows non-stop the vegetable produce and takes the crop more than 300 days a year. The electronic climate control system by the means of the special software of the Dutch company – Priva – allows creating several areas with different temperature, humidity and lighting conditions.

More than 250 persons work in the company. The specialists of the company arranged supplies to the supermarkets of Kazakhstan and Russia. The range of the products

includes several kinds of cucumbers and tomatoes. All products are produced without nitrates and herbicides and they are ecologically clean.

With the support of KazakhExport as regards replenishment of the current assets to purchase seeds, fertilizers and biological protection agents for plants, the Kazakhstan manufacturer could raise the volumes of products output for export, deliver the goods to the customers on a deferred-payment basis that, in turn, allows competing in the foreign markets.

Green Land Alatau LLP

delivers the goods to the customers on a deferred-payment basis that, in turn, allows competing in the foreign markets

6) Kaynar-AKB LLP

Kaynar-AKB is the domestic commodity producer of accumulator batteries and it is entered into the Register of domestic commodity producers of Samruk-Kazyna Holding; it is a member of the international union of accumulator battery producers “Interbat”.

Today Kaynar-AKB LLP is a company, which has both feet firmly on the ground and has developed economy

and complete accumulator battery production cycle.

KazakhExport and SB Sberbank JSC rendered support to Kaynar-AKB LLP in replenishing the current assets to purchase raw materials. The financing allowed the Kazakhstan accumulator battery producer raising the volumes of the products output for export.

7) AAEngineering Group LLP, Almaty City

The company is operating in the market of Kazakhstan since 1993. At that time the company was engaged in output of construction materials. In 2013 the company was almost given a new lease of life with a new perspective contemplating growth from production cooperative to development of a service direction and rendering of complex services for the mining companies. Thus, the organization, which can design and construct the gold beneficiation plants in a quality manner, appeared in the market of Kazakhstan.

Today more than a thousand of persons are employed in the company. The specialists are working in parallel on seven projects with four of them being already at the stage of designing and

construction and the other – at the stage of development of a feasibility study. As far back as this year the company began to cooperate with the foreign partners. The short-term plans contemplate designing, construction and commissioning of Talas gold beneficiation plant, which is located in the Kyrgyz Republic.

Uniqueness of the company consists in mastering technologies of man-made mineral formation recycling, mastering technologies of output and gold recovery both in hydrometallurgical and beneficiating method through plantation. In its opinion, the South Africa technologic school is deemed to be the most technologic school due to availability of good specialists and production engineers.

«KazakhExport»

from the beginning of 2017 supported more than

60 companies exporters

300 export contracts

to the amount

500 billion tenge

For the purposes of intensive development and entry to the new markets outside Kazakhstan, the company needed the government assistance. Having applied to KazakhExport and taking advantage of one of the support instruments – bank guarantee insurance, the company became able to export the services to the amount of \$107,500 million, in particular, to engineer and supply the equipment to construct Talas gold beneficiation plant in Kyrgyzstan, and, moreover, using the construction materials produced on the territory of Kazakhstan and subcontracting specifically domestic companies.

This type of export is very important, since export of services allows raising production in Kazakhstan

with achieving specific multiplicative effect, where the Kazakhstan specialists and the Kazakhstan production are involved to perform works. In general, from the beginning of 2017 more than 60 companies-exporters were supported and this is more than 300 export contracts to the amount exceeding 500 billion tenge.

The short-term plans of AAEngineering Group suppose development of the markets of Russia and Kyrgyzstan. Thus, the first contracts to project the enterprises will be signed in the next year and increase in volumes of export to the neighbouring countries up to \$380 million is already planned in the very near future.

AAEngineering Group LLP

plans to **increase** in volumes of export

\$380 million

8) Molprodukt plant, Petropavlovsk City

Thanks to the government support in Kazakhstan, the export of milk products raised. Molprodukt plant located in Petropavlovsk City processes 500 tons a day. The company is existing since 2009. Over the years the large-scale reconstruction was carried out at the plant –the high-technology equipment meeting the European standards was installed. In 2016, it was decided to increase productive capacity of the company and to install innovative package making equipment. However, the Kazakhstan manufacturer fell short of a pledge. So, then KazakhExport Company helped and supported the company by insuring the loan in the amount of 2 billion tenge. After having received the government support, the volumes of processing and export increased more than by 20%.

Now the plant outputs 40 kinds of products and employs 240 persons. The company purchases raw materials from the agricultural producers of the North Kazakhstan region and Akmola oblast.

The export of the plant products has increased and now one third of the total volume of production is supplied to Russia. It is planned to find the sales market in China and Mongolia.

Likewise, taking advantage of the services of KazakhExport, the company became able to arrange uninterrupted supplies of expendable materials for production at more favourable prices.

Molprodukt plant

insuring the loan in the amount of

2 billion tenge

thanks to the government support, volumes of processing and export increased by

20%

9) Iceberg PV LLP, Pavlodar City

This is one of the domestic manufacturers, which was the first to supply its products to Moscow. The Kazakhstan company – Iceberg PV LLP – is engaged in production of frozen Russian ravioli, perogies, dumplings, pancakes, hamburgers, which it sells within Kazakhstan,

as well as to some Russian cities. There are more than 80 items of the products and semi-finished products the production volumes of which make about 400 tons every month given total load. To increase the volumes of export the company decided to conclude a

contract with the Russian company, which specializes in sale of food products from Kazakhstan. Under concluded supply contract with the foreign purchaser, the exporter was provided the government support as regards provision of financial

protection, in particular, insurance of payment deferment of the Russian purchaser under the export contract. Thus, the Kazakhstan manufacturer received protection against risk of importer non-payment.

Iceberg PV LLP

80 items of the products and semi-finished products

400 tons every month

10) Bayan Sulu JSC, Kostanay City

This is one of the biggest companies in the Republic of Kazakhstan engaged in production of confectionery. The factory is founded in December 1974 and more than forty years now it is operating in Kostanay City. The products of Bayan Sulu JSC are actively promoted in the near and far foreign countries. The company has a wide sales structure in such countries as Russia, Kyrgyzstan, Turkmenistan, Uzbekistan, Azerbaijan, Germany, China, and Belarus.

The Russian Federation is the principal consumer of the export products of Bayan Sulu JSC. The used government support instrument is insurance of short-term accounts receivable. The insurance product is designated to protect against risk of non-payment by the foreign purchasers of Bayan Sulu JSC where KazakhExport insures the portfolio of export contracts of the insured party on a deferred-payment basis.





U.S. Bank Tower

It is the twelfth tallest building in the United States of America, the tallest skyscraper west of Chicago, and the tallest building in California.

04

The height of the building is 310 meters. Since the skyscraper is located in the earthquake-prone area, the design provided a strength reserve capable of withstanding an earthquake of magnitude up to 8.0 on the Richter scale.

The building has 73 floors and a two-level underground parking. It is one of the most widely recognized buildings in Los Angeles.

Financial results





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As at 31 December 2018, the assets of KazakhExport amounted to 48,646 million tenge; at the end of 2018 the equity capital of KazakhExport amounted to 43,309 million tenge; as at December 31, 2018 the liabilities amounted to 5,337 million tenge.

At the end of 2018 the comprehensive incomes amounted to 6,373 million tenge.

The operating incomes amounted to 2,901 million tenge:

- ◆ incomes on insurance premiums – 2,119 million tenge;
- ◆ incomes on reinsurance premiums – 563 million tenge;

- ◆ incomes on deposits in escrow – 218 million tenge.

At the end of 2018 the aggregate expenditure amounted to 4,320 million tenge.

The operating expenses amounted to 2,424 million tenge:

- ◆ net provisions amounted to 1,805 million tenge, which amount was formed as the result of changes in the Unearned premium reserve in the amount of 707 million tenge (UPR), Incurred but not reported reserves in the amount of 761 million tenge (INRR), Outstanding claim reserves in the amount of 12 million

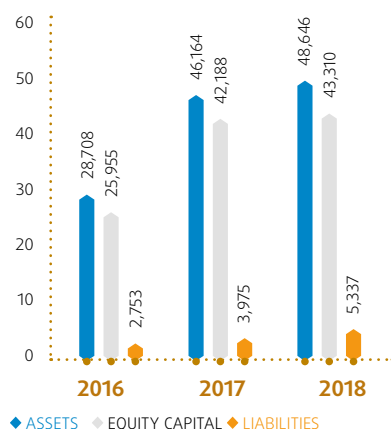
tenge (OCR), and changes in the reinsurance assets in the amount of 325 million tenge;

- ◆ the total reinsured premiums amounted to 571 million tenge;
- ◆ the insurance and reinsurance payments amounted to 48 million tenge.

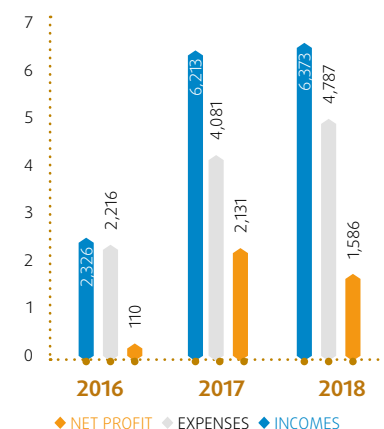
At the end of 2018 the total administrative expenses amounted to 1,163 million tenge.

Based on the results of activity for 2018, the ROA was equal to 3.34% and the ROE was equal to 3.71%.

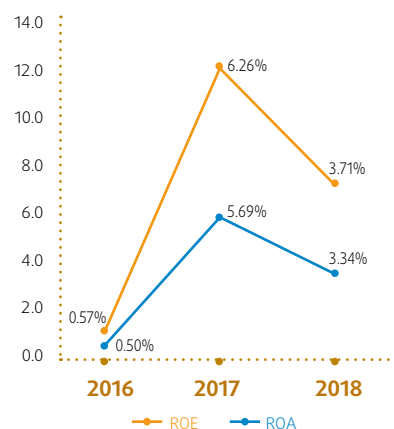
Dynamics of assets, capital and liabilities for 2016–2018, million tenge



Dynamics of incomes and expenditures for 2016–2018, million tenge



Dynamics of profitability ratios for 2016–2018, %





30 St Mary Axe

This 40-story tower located in the financial center of London can lay claim to being the first ecological skyscraper. It is made in the form of a lattice shell with a central substructure.

05

The building was designed by the famous architect Norman Foster and built in 2001-2004 in the place of the Baltic Exchange damaged by the terrorist attack of the Irish Republican Army in 1992. The cost of construction was \$400 million. Foster was intent on using the sunlight and natural ventilation. With a height of 180 meters, the building turned out to be cost-effective structure as it consumes half the electricity than other buildings of this type.

Procurement practice





• Key Events in 2018 • Message of the Chairman of the Board of Directors • Message of the Chairman of the Management Board • 1. About KazakhExport • 2. Development strategy • 3. Operating results • 4. Financial results • **5. Procurement practice** • 6. Primary goals and tasks in 2019 • 7. Corporate governance • 8. Risk management • 9. Humanresources policy • 10. Social responsibility policy • 11. Charity and sponsorship • 12. Financial statements •

The policy of selection of the suppliers and work with them is based on implementation of the following basic principles presented in the Rules of procurement of the goods, works, and services of KazakhExport:

1. Publicity and transparency of the procurement process;
2. Optimal and effective expenditure of funds used for procurement purposes;
3. Purchase of quality goods, works, and services;
4. Provision to all potential suppliers of equal opportunities to take part in the procurement process providing support of organizations of disabled persons (disabled natural persons carrying out entrepreneurial activity);
5. Fair competition between potential suppliers;
6. Minimization of participation of the intermediaries in the procurement process.

To adhere to the above-mentioned principles, the procurement

procedures in KazakhExport meet the present-day requirements; the organization thereof is realized in electronic manner through the Eurasian electronic portal – eep.mitwork.kz.

Thus, each potential supplier is able to take part in the procurement process and to seek a contract awarding.

During the reporting period KazakhExport made purchases to the amount exceeding 340 million tenge of which the local content was equal to 79% given the target ratio of 60%.





Parthenon

Monument of ancient architecture, an ancient Greek temple located on the Athenian Acropolis.

06

The Acropolis is a 156-meter rocky spur with a slightly sloping apex (about 300 m long and 170 m wide). The first fortifications were built on the outskirts of Athens long before the Classic period. As early as the Archaic period, there were majestic temples, sculptures, various religious objects. The Acropolis is also known as the Cecropia in honor of Cecrops who was the first king of Athens and the founder of the Acropolis according to the legend.

Primary goals and tasks in 2019





• Key Events in 2018 • Message of the Chairman of the Board of Directors • Message of the Chairman of the Management Board • 1. About KazakhExport • 2. Development strategy • 3. Operating results • 4. Financial results • 5. Procurement practice • **6. Primary goals and tasks in 2019** • 7. Corporate governance • 8. Risk management • 9. Humanresources policy • 10. Social responsibility policy • 11. Charity and sponsorship • 12. Financial statements •

For the purposes of enhancement of a degree of reliability of and confidence in KazakhExport on the part of the companies-exporters, Kazakhstan and international financial institutions, as well as export-credit agencies, it is expected within the context of planned activities:

1. to receive the government guarantee for support of export;
2. to provide a legislative framework for the regulation of provision of financial support to

the private entrepreneurship in the form of subsidization of a rate of fee on financial services when exporting the Kazakhstan products;

3. to further increase the authorized capital stock of KazakhExport in accordance with the Law "On republican budget for 2019-2020" in order to support the exporters of non-resource goods and services;
4. to open 8 offices of the foreign representatives till the end of

2019 in the Russian Federation (Moscow, Novosibirsk, Yekaterinburg), People's Republic of China (Xian), Uzbekistan (Tashkent), Tajikistan (Dushanbe), Kyrgyzstan (Bishkek), and Belarus (Minsk);

5. to expand the coverage in the regions of Kazakhstan.





Burj Khalifa

With a height of 828 meters, this skyscraper located in Dubai is the tallest building in the world. The shape of the building is reminiscent of a stalagmite.

07

Khalifa Tower was designed as a "city within the city" having its own lawns, boulevards, and parks. The total cost of the structure is \$1.5 billion. Unlike many other skyscrapers, Burj Khalifa has the foundation which is not fixed in the hard rock ground. To build the foundation of the building, hanging piles with the length of 45 m and diameter of 1.5 m were used. Total amount of such piles is about 200. The shape of the building is asymmetrical in order to reduce the swinging effect of the wind.

Corporate governance





• Key Events in 2018 • Message of the Chairman of the Board of Directors • Message of the Chairman of the Management Board
 • 1. About KazakhExport • 2. Development strategy • 3. Operating results • 4. Financial results • 5. Procurement practice • 6. Primary goals and tasks in 2019
 • **7. Corporate governance** • 8. Risk management • 9. Humanresources policy • 10. Social responsibility policy • 11. Charity and sponsorship • 12. Financial statements •

Description of the corporate governance system and principles

KazakhExport considers the corporate governance as an instrument to enhance efficiency of activities of KazakhExport, to strengthen its reputation, and to reduce the costs to raise the funds. The appropriate corporate governance system is a factor determining a place of KazakhExport in the present-day economy. The rule of law is fundamental for the corporate governance.

The Corporate Governance Code is adopted in KazakhExport. The Code is a body of rules and recommendations, which KazakhExport follows in the process of its activities in order to ensure high level of the corporate governance in relations inside KazakhExport and with the other market players.

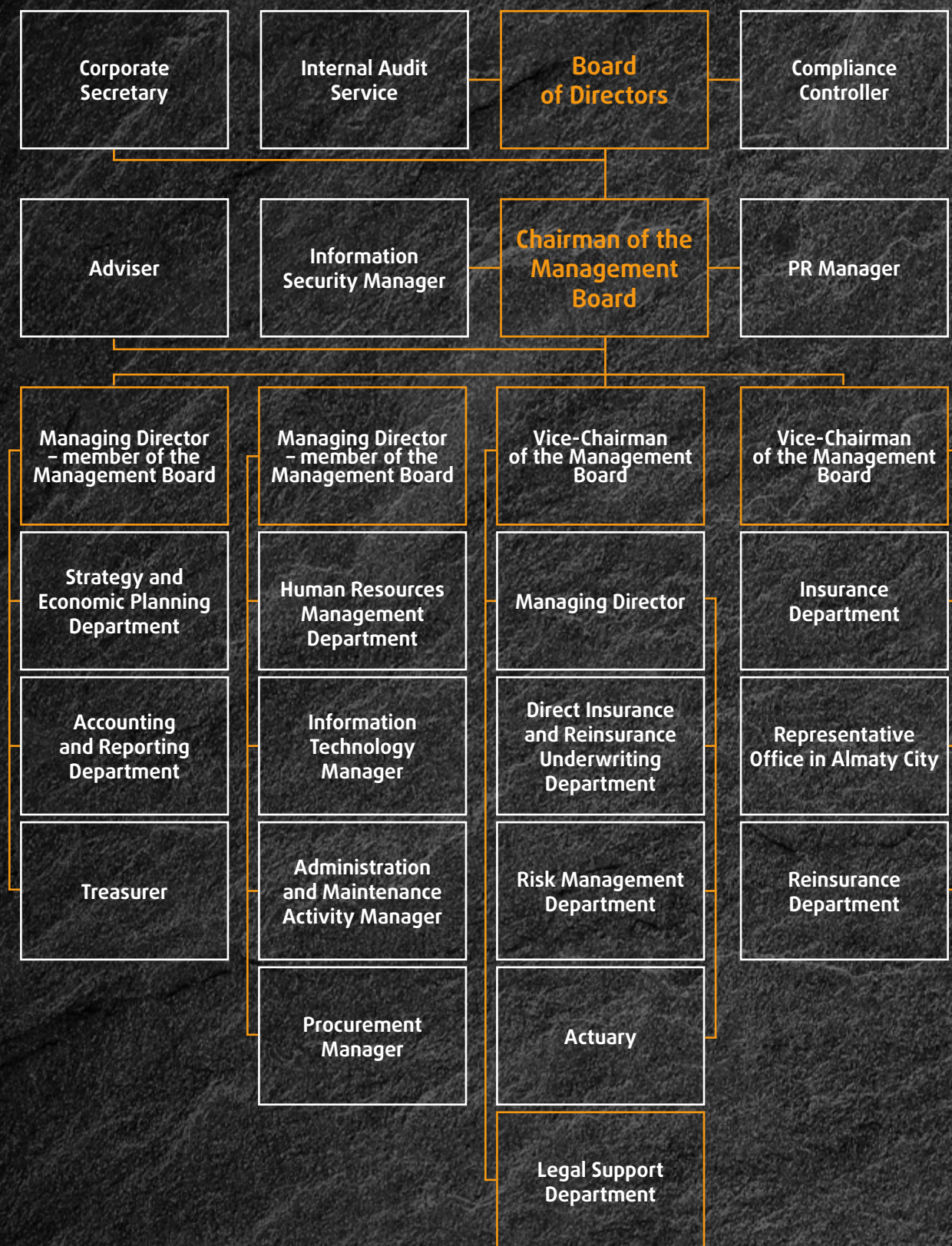
The basic principles of the Corporate Governance enshrined in the Code are:

1. the principle of delineation of responsibilities;
2. the principle of protection of the rights and interests of the Sole Shareholder;
3. the principle of effective management of KazakhExport by the Board of Directors and the Management Board;
4. the principle of sustainable development;
5. the principle of risk management, internal control, and internal audit;
6. the principle of settlement of corporate conflicts and a conflict of interest;
7. the principles of transparency and objectivity of disclosure of the information about activities of KazakhExport.

The corporate governance principles set forth in the Corporate Governance Code are aimed at gaining confidence in relations arising in connection with management of KazakhExport.

You may review the Report on compliance with provisions of the Corporate Governance Code and/or actions taken to comply with it in the reporting year at the corporate web-site of KazakhExport: https://keg.kz/rubric/o_nas/korporativnoe_upravlenie/korporativnie_i_vnutrennie_dokumenty

Организационная структура менеджмента



Board of Directors

Members of the Board of Directors

During 2018 the Board of Directors of KazakhExport included the following persons:



**Yerbolat
Askarbekovich
DOSSAYEV**

Chairman of the Board
of Directors

01.06.2016 – 31.01.2018
01.06.2016 – February
2019

**Deputy Prime Minister
of the Republic
of Kazakhstan**



**Aydar
Abdrazakhovich
ARIFKHANOV**

Member of the Board
of Directors

08.02.2017- 31.01.2018
08.02.2017- May 2019

**Chairman of the
Management Board
of NMH Baiterek JSC**



**Ruslan Viktorovich
ISKAKOV**

Member of the Board
of Directors

15.02.2016 – 31.01.2018
15.02.2016 – February
2019

**Chairman of the
Management Board
of EIC KazakhExport
JSC**



**Damir
Serkbayevich
SUYENTAYEV**

Member of the Board
of Directors – Independent
Director

15.02.2016 – 31.01.2018
15.02.2016 – February
2019



**Aytkul
Baygazyevna
SAMAKOVA**

Member of the Board
of Directors – Independent
Director

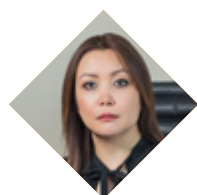
13.09.2016 – 31.01.2018
13.09.2016 – February
2019



**Yaroslav
Grigoriyevich
DILDYAYEV**

Member of the Board
of Directors – Independent
Director

13.09.2017 – 31.01.2018
13.09.2017 – February
2019



**Aynur
Sainovna
KUATOVA**

Member of the Board
of Directors

28.02.2018 – 31.01.2018
28.02.2018 – February
2019

**Managing Director
– member of the
Management Board of
Baiterek NMH JSC**

During 2018 the following changes occurred in the Board of Directors of KazakhExport:

The Sole Shareholder of KazakhExport made the following resolutions (minutes of the Management Board of NMH Baiterek JSC No.07/18 dated 28 February, 2018):

- ◆ to determine 7 (seven) members of the Board of Directors of EIC KazakhExport JSC;
- ◆ to elect Aynur Sainovna Kumatova to be a member of the Board of Directors of EIC KazakhExport JSC as a representative of the Sole Shareholder subject to a

term of office until expiration of a term of office of the Board of Directors of EIC KazakhExport JSC in general.

Report on activity of the Board of Directors

During 2018 the Board of Directors of KazakhExport held 12 meetings of the Board of Directors of KazakhExport: 8 meetings – in presentia and 4 ones – in absentia. The materials, explanatory notes for comprehensive consideration of the items were sent to the Chairman and the members of the Board of Directors of KazakhExport within the terms fixed by the Regulations of the

Board of Directors of KazakhExport 10 (ten) business days prior to the date of the meeting of the Board of Directors of KazakhExport.

During 2018 the Chairman and the members of the Board of Directors of KazakhExport duly attended the meetings of the Board of Directors of KazakhExport and actively participated in the work thereof.

In percentage terms, the Chairman and the members of the Board of Directors of KazakhExport attended 100% meetings of the Board of Directors of KazakhExport during the reporting period and the member of the Board of Directors of KazakhExport – A.S. Kumatova – attended 91.6% meetings.

Full name	In presentia */**	In absentia */**
Yerbolat Askarbekovich Dossayev	8/8	4/4
Ruslan Viktorovich Isakov	8/8	4/4
Damir Serkbayevich Suyentayev	8/8	4/4
Aytkul Baigazyevna Samakova	8/8	4/4
Aydar Abdrazakhovich Arifkhanov	8/8	4/4
Yaroslav Grigoriyevich Dildayev	8/8	4/4
Aynur Sainovna Kumatova	7/8	4/4

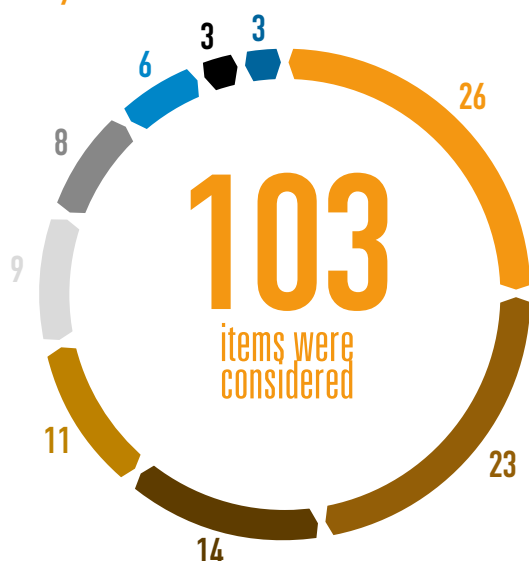
*The total number of the meetings in which the member of the Board of Directors took part;

** The total number of the meetings in which the member of the Board of Directors could take part.

During 2018, 103 items were considered at the meetings of the Board of Directors of KazakhExport.

During 2018 the Board of Directors of KazakhExport gave 22 instructions of which 18 instructions were executed and the period of execution for 4 instructions did not arrive: the period of execution – until 31 May, 2019 and July 2019. Thus, in 2018 the instructions were 100% executed.

Topics of the items considered by the Board of Directors in 2018, quantity of the items



- ◆ Planning and reporting
- ◆ Approval of internal regulatory documents
- ◆ Personnel matters
- ◆ Internal and external audit matters
- ◆ Items concerning the Board of Directors
- ◆ Transactions/investment projects/securities
- ◆ Risk management matters
- ◆ Items concerning strategy and government programs
- ◆ Other items

Committees of the Board of Directors

For the purposes of enhancement of efficiency of the management of development of KazakhExport through elaboration of soundly-based recommendations for the Board of Directors, the following consulting and advisory bodies are formed and operating in KazakhExport:

1. Audit Committee of the Board of Directors of KazakhExport;

2. Personnel, Remuneration and Social Matters Committee of the Board of Directors of KazakhExport;

3. Strategic Planning Committee of the Board of Directors of KazakhExport.

All proposals elaborated by the Committees shall be recommendations, which shall be submitted for consideration by the Board of Directors of KazakhExport.

For the purposes of conformance to the best corporate governance practice by the Board of Directors of KazakhExport, the mentioned committees of the Board of Directors of KazakhExport include the experts (without the right of vote) having necessary professional knowledge to work in a particular committee from among the employees of respective subdivisions of NMH Baiterek JSC.

Members of the Committees of the Board of Directors

In accordance with the decision of the Sole Shareholder, the Board of Directors of KazakhExport made decision on 30 March, 2018 to early terminate the powers of Aydar Abdrazakhovich Arifkhanov and to elect Aynur Sainovna Kumatova to be:

- ◆ the member of the Strategic Planning Committee of the Board of Directors of EIC KazakhExport JSC;

- ◆ the member of the Audit Committee of the Board of

Directors of EIC KazakhExport JSC;

- ◆ the member of the Personnel, Remuneration and Social Matters Committee of the Board of Directors of EIC KazakhExport JSC.

The members of the Committees of the Board of Directors of EIC KazakhExport JSC

Audit Committee

Nº	Members of the Committees	Full name	Position
1	Chairman of the Committee	Damir Serkbayevich Suyentayev	Member of the Board of Directors – Independent Director
2	Member of the Committee	Aynur Sainovna Kumatova	Member of the Board of Directors, representative of the Sole Shareholder
3	Member of the Committee	Aytkul Baigaziyevna Samakova	Member of the Board of Directors – Independent Director
4	Member of the Committee	Yaroslav Grigoriyevich Dildayev	Member of the Board of Directors – Independent Director
5	Expert without vote	Akbota Yermekovna Zhaparova	Project Manager of the Asset Management Department of NMH Baiterek JSC

Personnel, Remuneration and Social Matters Committee

Nº	Members of the Committees	Full name	Position
1	Chairman of the Committee	Aytkul Baigaziyevna Samakova	Member of the Board of Directors – Independent Director
2	Member of the Committee	Aynur Sainovna Kumatova	Member of the Board of Directors, representative of the Sole Shareholder
3	Member of the Committee	Damir Serkbayevich Suyentayev	Member of the Board of Directors – Independent Director
4	Member of the Committee	Yaroslav Grigoriyevich Dildayev	Member of the Board of Directors – Independent Director
5	Expert without vote	Murat Mamyruly Mamekov	Project Manager of the Asset Management Department of NMH Baiterek JSC

Strategic Planning Committee

Nº	Members of the Committees	Full name	Position
1	Chairman of the Committee	Yaroslav Grigoriyevich Dildayev	Member of the Board of Directors – Independent Director
2	Member of the Committee	Aynur Sainovna Kuvatova	Member of the Board of Directors, representative of the Sole Shareholder
3	Member of the Committee	Aytkul Baigazyevna Samakova	Member of the Board of Directors – Independent Director
4	Member of the Committee	Damir Serkbayevich Suyentayev	Member of the Board of Directors – Independent Director
5	Expert without vote	Murat Mamyruly Mamekov	Project Manager of the Asset Management Department of NMH Baiterek JSC

During 2018, the Corporate Secretary of KazakhExport – A.T. Davletova – was the secretary of

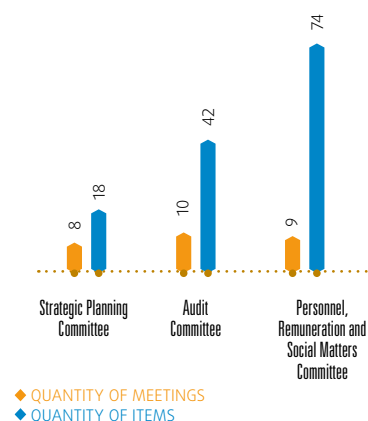
the Committees of the Board of Directors of KazakhExport.

Quantity of meetings of the Committees of the Board of Directors

During 2018 the Committees of the Board of Directors of KazakhExport held the meetings in presentia at the address of KazakhExport, the Holding and its subsidiaries by way of video conferences.

During 2018 the Committees of the Board of Directors of KazakhExport considered 134 items in total.

The materials, explanatory notes for comprehensive consideration of the items were sent to the Chairman and the members of the Committees of the Board of Directors of KazakhExport within the terms fixed by the Regulations of the Committees of the Board of Directors of KazakhExport 5 (five) business days prior to the date of the meeting of the Committee.



Meetings attended by the Chairman and the members of the Committees of the Board of Directors

During 2018 the Chairmen, members of the Committees of the Board

of Directors of KazakhExport and experts attended the meetings of the

Committees of the Board of Directors of KazakhExport as stated below:

Full name of the Chairman/member if the Committee, experts	Meetings attended */**
Aytkul Baigazyevna Samakova	27/27
Damir Serkbayevich Suyentayev	27/27
Aynur Sainovna Kuvatova	27/27
Yaroslav Grigoriyevich Kuvatova	27/27
Expert of the Audit Committee of the Board of Directors, Project Manager of the Asset Management Department of NMH Baiterek JSC – A.Ye. Zhaparova	5/10
Expert of the Personnel, Remuneration and Social Matters Committee, Project Manager of the Asset Management Department of NMH Baiterek JSC – M.M. Mamekov	7/7
Expert of the Strategic Planning Committee, Project Manager of the Asset Management Department of NMH Baiterek JSC – M.M. Mamekov	6/6

*The total number of the meeting in which the member of the Committee of the Board of Directors, expert took part;

** The total number of the meeting in which the member of the Committee of the Board of Directors, expert could take part.

During 2018, in percentage terms the meetings of the Committees of the Board of Directors of KazakhExport were attended by:

- ◆ the Chairmen and the members of the Committees of the Board of Directors of KazakhExport – 100%;

- ◆ the expert of the Audit Committee of the Board of Directors, the Project Manager of the Asset Management Department of NMH Baiterek JSC – A.Ye. Zhaparova – 50%;

- ◆ the expert of the Personnel, Remuneration and Social Matters Committee, the Strategic Planning Committee, the Project Manager

of the Asset Management Department of NMH Baiterek JSC – M.M. Mamekov – 100%.

M.M. Mamekov did not take part in the meetings of the Personnel, Remuneration and Social Matters Committee and the Strategic Planning Committee held on April 24, 2018 and July 24, 2018 because he was on leave.

The Board of Directors performance evaluation and trouble-shooting in corporate governance

In 2018, the International Financial Corporation (IFC) falling under the World Bank evaluated efficiency of activities of the Board of Directors of EIC KazakhExport JSC in 2017.

In accordance with the Corporate Governance Code and the Regulations of evaluation of activities of the Board of Directors of KazakhExport, the efficiency of activities of the Board of Directors shall be evaluated on annual basis. In addition, once three years such evaluation must be made with involving an independent professional organization.

The key task of evaluation of efficiency was to get objective information about current activities of the Board, committees, corporate secretary and equation of the BD members, analysis

of individual contribution of directors in work of the Board and committees, determination of directions of further development of the BD work practice.

The methods of evaluation were formed up on the basis of the best international corporate governance practice.

In the course of evaluation the internal documents of KazakhExport and minutes of the meetings, reports and plans of work of the Board and committees were analysed, the members of the Board and committees were questioned, individual interviews were held with the participants.

The regular practice is independent evaluation of efficiency of activities of the Board of Directors is one

of indicators of adherence of KazakhExport to the principles of the best corporate governance practice.

The comprehensive analysis of the IFC was aimed at study of the basic directions of work of the Board of Directors and allowed determining the common and personal contribution of each of its members to achieve strategic tasks of KazakhExport, as well as, where applicable, to make corrections in its activity.

The results of evaluation and recommendations of the IFC experts were discussed at the meeting of the Board of Directors of KazakhExport. Based on the results of evaluation the plan of actions was developed to further improve the work of the Board of Directors.

Conflict of interests

The Policy for settling corporate conflicts and conflict of interest, which regulates the order of and procedures for mediation settlement of conflicts, as well as actions of the bodies, officials and employees of KazakhExport within the context of those matters, is in place in KazakhExport.

A register of affiliates, which is properly brought to the notice of the executives of the business units, executive body and governing body of KazakhExport, is regularly kept in KazakhExport in order to guarantee timely settlement of the conflict of interest.

For the purposes of monitoring and prevention of potential conflicts of interest in KazakhExport, the members of the Board of Directors and the Management Board present on a regular basis the information about their affiliates.

The members of the Board of Directors and the Management Board, employees of KazakhExport perform their professional functions in good faith and reasonably in the best interests of KazakhExport and the Sole Shareholder with avoiding conflicts of interest and corporate conflicts.

The Regulations of the Board of Directors of KazakhExport provide that a member of the Board of Directors shall be obliged:

1. to submit to KazakhExport the information about its affiliates within 7 (seven) days after a day of affiliation;
2. to refrain from actions and to prevent situations, which result or may potentially result in a conflict between its interests (or interests of its related persons) and interests of KazakhExport; and in such a case to immediately inform the Board

of Directors about existence of a conflict of interest;

3. to submit to the Board of Directors the information about proposed transactions in which it may be held interested;
4. to refrain from voting on items in adoption of a decision on which it is personally interested. In addition, a member of the Board of Directors must immediately disclose to the Board of Directors such interest and a basis for appearance thereof.

A civil contract providing for the conditions of compliance with the requirements provided for by the internal regulatory documents of KazakhExport, including corporate conflicts and conflict of interest, shall be concluded with a member of the Board of Directors – an independent director in KazakhExport.

The Regulations of the Management Board of KazakhExport provide for the rule that its members may hold concurrently positions in the governing bodies in the other organizations only by consent

of the Board of Directors of KazakhExport.

This promotes the control of situation connected with detection of the factors of appearance of a conflict of interest.

During 2018 the Corporate Secretary in KazakhExport did not notice the cases of corporate conflicts and conflicts of interest in activities of KazakhExport, its bodies and officials.

Compliance

The compliance control system designed to prevent compliance risks associated with non-compliance with the requirements of the legislation of the Republic of Kazakhstan, internal rules and procedures is in place in KazakhExport.

The process of compliance risk management is based on such principles as independence, consistency, continuity, and awareness.

The Compliance Controller, which is accountable to the Board of Directors of KazakhExport, shall be in charge with the operating compliance risk management.

KazakhExport considers that countering and prevention of corruption and fraudulent factors are priority direction for it.

Within the context of this direction of activity the Policy is adopted to counter corruption, which policy regulates the matters of organization, measures for countering corruption among the personnel and officials of KazakhExport, determines the types of corruption acts, regulates the work of KazakhExport management, employees and Ombudsmen on taking anti-corruption actions, as well as determines the procedure to address to the Compliance Controller

of KazakhExport concerning cases of corruption or fraud in KazakhExport.

The confidence system – “hot line” and Senim trust line – were implemented owing to which anyone who wishes from among the employees or customers of KazakhExport, as well as other third persons, may address to the Compliance Controller and inform about evidences of the cases of corruption and/or fraud by telephone 8 (7172) 55 44 70 and to e-mails: k.kabsamatov@keg.kz or senim@keg.kz.

During 2018 the cases of corruption or fraudulent acts were not recorded in KazakhExport.

Executive body

The Management Board is a collegial executive body of KazakhExport and it follows in its activity the legislation of the Republic of Kazakhstan, the Articles of Association of KazakhExport, and the Regulations of the Management Board approved by decision of the Board of Directors of KazakhExport.

The Management Board is formed by the Board of Directors, which determines quantity, term of office of the Management Board, election of its chief executive and members, as well as early termination of their powers. In accordance with the

legislation concerning insurance activity, the number of the members of the Management Board must not be less than three.

Decision on the meeting of the Management Board is made by the Chairman of the Management Board. The competence of the Management Board is determined by the legislative acts of the Republic of Kazakhstan, the Articles of Association of KazakhExport, and the Regulations of the Management Board of KazakhExport. The Sole Shareholder is entitled to terminate the powers of any member of the

Management Board and to appoint a new one according to the Articles of Association and internal documents of KazakhExport. The members of the Management Board must meet the requirements made for the officers of the financial organizations.

A chief executive of the Management Board of KazakhExport is the Chairman of the Management Board. Decision on election of each of candidate members of the Management Board is made according to the Articles of Association.

Under decisions of the Board of Directors, in 2018 the Management Board of KazakhExport was composed of the following persons:

1. Ruslan Viktorovich Isakov – the Chairman of the Management Board – from 15 February, 2016 to the present time;
2. Yerdan Yerlanovich Bekkhozhin – the Member of the Management

Board – from 2 October, 2014 to the present time;

3. Rauan Omirbekovich Zhaxybayev – the Member of the Management Board – from 11 April, 2016 to the present time;
4. Kuat Tolegenovich Zholdybekov – the Member of the Management Board – from 17 October, 2016 to the present time;

5. Aslan Yermekovich Kaligazin – the Member of the Management Board – from 1 October, 2018 to the present time.

Over the reporting period the executive body of KazakhExport held 58 meetings in presentia at which 305 items were considered and 157 documents were approved.

The statistics of the meetings in presentia of the Management Board of KazakhExport attended by the members in 2018:

Nº	Full name	Participation in meetings	%
1.	Ruslan Viktorovich Isakov	46 of 58	79
2.	Yerdan Yerlanovich Bekkhozhin	48 of 58	82
3.	Rauan Omirbekovich Zhaxybayev	49 of 58	84
4.	Kuat Tolegenovich Zholdybekov	55 of 58	94
5.	Aslan Yermekovich Kaligazin	13 of 58	22

Management remuneration

The basic principles to remunerate the members of the Management Board are provided for and regulated by the Rules for remunerating the officers based on results of work for a year as approved by the Board of Directors of KazakhExport.

The basic principles are:

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

The procedure for, amount and conditions of payment of

remunerations, compensation of expenses and payment of bonuses to the members of the Board of Directors of KazakhExport for their fulfilment of their obligations, including independent directors, are specified by the decision of the Sole Shareholder of KazakhExport.

Remuneration is paid to a member of the Board of Directors, which is a government official, and the members of the Board of Directors, which are 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 fulfilment of obligations of a member of the Board of Directors.

KazakhExport follows the Rules for selection, remuneration and compensation of expenses of independent directors of subsidiaries of National Management Holding “Baiterek” JSC as approved by the decision of the Management Board of National Management Holding “Baiterek” Joint-Stock Company dated 4 April, 2014 (minutes No.09/14).

The basic purpose of the Rules is to assist in achieving the strategic goals of National Management Holding “Baiterek” Joint-Stock Company by implementing the best corporate governance practices as regards attraction and retention of the highly skilled professionals to work in the Boards of Directors of the subsidiaries.

Corporate ethics

The corporate ethics is an important part of the corporate culture of KazakhExport. The Code of Business Conduct is in place for the purpose

of development of this direction of work on improvement of the corporate culture in KazakhExport.

The purposes of the Code of Business Conduct are to improve, systematize and regulate the relations of KazakhExport aimed

at enhancement of efficiency of the corporate governance and assistance in successful interaction with the employees, customers, suppliers, business partners, persons concerned and competent public authorities through the application of the generally accepted standards and rules of business conduct.

In accordance with the Code of Business Conduct the employees of KazakhExport assume the obligation to comply with the rules of the Code.

KazakhExport operates in strict accordance with the legislation of the Republic of Kazakhstan, the generally accepted principles of business conduct, and internal documents of KazakhExport.

Relations between the Sole Shareholder, members of the Board of Directors and the Management Board of KazakhExport are built

on mutual confidence, respect, accountability, and control.

KazakhExport carries out its activity with recognising supremacy of the Constitution, laws and other regulatory legal acts of the Republic of Kazakhstan in relation to the internal documents of KazakhExport and without allowing making decisions at personal discretion of officials and other employees of KazakhExport.

In accordance with the corporate governance principles, KazakhExport has the Ombudsmen institute.

Its functions include collection of information about non-compliance with the provisions of the Code of Business Conduct of KazakhExport, consulting the employees, officials of KazakhExport on the provisions of the Code, initiation of consideration of the disputes concerning violation

of provision of the Code and participation therein.

In 2018, Senim hot line (telephone and e-mail) is implemented in KazakhExport to collect confidential communications concerning violation of the principles and rules of the Code of Business Conduct.

KazakhExport Ombudsmen initiates consideration of disputes regarding violation of the provisions of the Code of Business Conduct of KazakhExport, including conflicts of interest, and participates in settlement thereof.

During 2018 there were not any complaints from the customers, partners and other third persons about violation by the employees and officials of KazakhExport of the requirements of the legislation of the Republic of Kazakhstan or the corporate ethics.

Internal Audit Service

The purpose of creation of the internal audit system in KazakhExport is to protect the interests and rights of the Sole Shareholder of KazakhExport, to assist in achieving strategic goals and tasks through systematized and consistent approach to evaluation and enhancement of efficiency of the processes of corporate governance, risk management and internal control. In its activity the Internal Audit Service of KazakhExport takes into consideration all effective International professional standards of internal audit and the Code of ethics of internal auditors adopted by the International Institute of Internal Auditors, with following the approved internal regulatory documents relating to internal audit.

The generally accepted conceptual model of internal audit corresponding to the International professional standards of internal audit is in place in KazakhExport, with which the functions of internal audit are separated from the functions of internal control and risk management. The internal audit is in the state of special functional and

administrative subordination and accountability ensuring objectivity of auditors and independence of the Internal Audit Service. To the extent of that accountability the governing bodies of KazakhExport are provided with reliable and relevant information about a level of efficiency of the systems of internal control, corporate governance and risk management.

The Board of Directors of KazakhExport approved the risk-oriented Annual audit plan and audit program of the IAS, the key performance indicators of the IAS and its head.

A report on activity of the IAS is quarterly submitted to the Audit Committee and the Board of Directors of KazakhExport.

In accordance with the Annual audit plan of the IAS for 2018, 10 audit engagements were provided for and carried out in full, including evaluation of efficiency of the internal control system and risk management system.

In 2018, the Methods of evaluation of efficiency of the internal control system and evaluation of efficiency of the corporate risk management system, which methods were approved by the Board of Directors on 27 July, 2018 (minutes No.7), were updated. Based on the results of made evaluations the efficiency of the internal control system totally ranked 67% and efficiency of the corporate risk management system ranked 74%.

The IAS quarterly monitors execution of recommendations of the IAS and external auditors. The IAS employees train on a continuous basis for the purpose of improvement and advanced training.

When performing its functions the IAS confirmed for the Board of Directors its independence on influence of any persons.

The Board of Directors annually evaluates efficiency of work of the IAS and its head on the basis of approved key performance indicators. At the end of 2018, the IAS activity was evaluated as "effective".

Corporate Secretary

During 2018 the Corporate Secretary of Kazakhstan Export – A.T. Davletova – performed the work on ensuring timely execution by the heads of subdivisions and officials of the instructions of the Sole Shareholder, the Board of Directors and its committees. The subdivisions were provided with the extracts from minutes/decisions within one-two business days after the day on which the minutes were signed, based on the results of held meetings of the Board of Directors and its committees.

During 2018 there were not failures to comply with the time limits for signing the minutes of the meetings of the Board of Directors; the minutes were prepared and signed at least within 3 (three) business days after the meeting was held.

During 2018 there were not failures to comply with the time limits for preparing and submitting the reports on work of the Board of Directors, the Corporate Secretary; under the requirements of the Regulations of the Board of Directors of Kazakhstan Export the reports were

submitted for consideration by the Board of Directors on quarterly basis – till the end of the first month following the reporting quarter.

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

During 2018 the information about corporate events was posted on the Internet resource of the financial statements depository and Kazakhstan Export in pursuance of the requirements of the legislation of the Republic of Kazakhstan. The letter of notice was 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.

In 2018, the competent authority did not make any comments or impose any sanctions for disclosure of information.

In accordance with clause 4 of the Rules for disclosing the information to the Sole Shareholder of EIC Kazakhstan Export JSC about decisions adopted by the Board of Directors of EIC Kazakhstan Export JSC as approved by the decision of the Board of Directors of EIC Kazakhstan Export JSC dated 18 May, 2017, during 2018 the letters were sent on timely basis (within three business days after signing the minutes).

During 2018 the legislation of the Republic of Kazakhstan was monitored and the information about the amendments and alterations made to some legislative acts of the Republic of Kazakhstan was sent to the members of the Board of Directors of Kazakhstan Export in the form of communications.

During 2018 the Corporate Secretary of Kazakhstan Export – A.T. Davletova – consulted the subdivisions on the matters put for consideration by the Board of Directors and its committees.

External audit

In 2018, the work on external audit of the financial statements was performed by KPMG-Audit LLP with which the contract was concluded for 2015–2018.

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

In the event an external auditor carried out external audit in the previous year is chosen, such external auditor shall prepare a plan of succession of a partner in the project, which shall be submitted for consideration by the Audit Committee of the Board of Directors of Kazakhstan Export. It is not required to prepare a plan of succession of a

partner in the project, if an external auditor other than the previous one is chosen.

Under the Code of ethics, rendering of a number of non-auditing services not connected with audit of the financial statements may results 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 Kazakhstan Export is prohibited to purchase and/or receive the services of that auditor relating to business accounting and preparation of the financial statements.

Kazakhstan Export shall follow the RK legislation and the internal regulatory

documents of Kazakhstan Export, including the Policy on organization and carrying out of external audit, to determine whether there is a threat of independence for an external auditor when receiving the services.



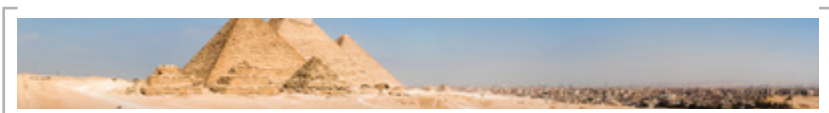
Great Pyramid of Giza

The Pyramid of Cheops (Khufu) is a monument of architectural art of ancient Egypt, the only one of the Seven Wonders of the World that has survived to this day and the oldest one of them.

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The Pyramid of Cheops is the largest of the pyramids built on the Giza Plateau. Its base rests on a natural rocky prominence with a height of 12–14 m. The initial height of the pyramid was 146.7 meters but later the top was lost and now the height is 137.3 meters. Until 1880, the pyramid was considered the tallest structure in the world.

Risk management





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Risk management system

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 a level of the risks, which may adversely affect the financial stability and reputation.

In accordance with the requirements of the National Bank of the Republic of Kazakhstan and the best corporate governance practices, the regular reports on risks are put in place from which the Management Board and the Board of Directors of KazakhExport receive from time to time the information about risk situation, including risk map and reports on risks. As and when necessary, the Management Board and the Board of Directors are provided with details of considerable changes in risks.

KazakhExport presents on a regular basis the reports on risks to the National Bank of the Republic of Kazakhstan.

The Regulations of the internal control system of KazakhExport is elaborated and approved. The organization of the internal control system provides for composing KazakhExport management system capable of quickly responding to

risks, controlling basic and auxiliary business processes and daily operations of KazakhExport.

As at 1 January, 2019, the Risk Management Department of KazakhExport together with the business units performed comprehensive identification and assessment of risks of KazakhExport for the reporting period. Based on the results of this work a register of risks, business process, risk and control matrix were elaborated and approved; risk map and the Plan of actions to manage high and critical risks were developed subject to fixing the periods of actions to be taken and responsible persons.

Under the Register of risks of KazakhExport, at the end of 2018, 49 risks were identified of which 1 risk

is within the critical area, 38 risks are of high priority, and 10 risks take the third place of priority.





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Key risks and actions to manage the same

risks	actions
Risk of failure to execute a plan of financial feasibility study (FFS)	enlarging the data base of domestic enterprises engaged in export; meetings with customers, foreign banks, potential foreign partners; active PR events on a continuing basis; optimizing internal business processes relating to the primary activity (on a continuing basis).
Risk of failure to achieve target indicators with respect to a scope of assumed obligations	enlarging the data base of domestic enterprises engaged in export; prompt responding to received inquiries for insurance on a continuing basis.
Risk of early response actions, restricted enforcement actions (compliance risk) or sanctions taken or imposed by the National Bank of the Republic of Kazakhstan	Carrying out proper internal control of compliance with the rules of the effective legislation, including control regulating insurance activity (on a continuing basis).
Foreign exchange risk	continuous control of foreign exchange positions; stress testing / test of sensitivity of changes in foreign exchange rates (on a quarterly basis); monitoring adherence to the limits of foreign exchange position on a monthly basis.
Credit risk – a risk of loss of funds placed with second tier banks due to default	controlling and monitoring the financial condition of financial organizations being counterparties of KazakhExport (on a quarterly basis); placing the funds only with the second tier banks meeting the requirements of the Rules for managing financial assets and liabilities of KazakhExport (on a continuing basis); monitoring the limits and process of allocation of temporarily free liquidity in KazakhExport (on a monthly basis); monitoring reporting on temporarily free funds (on a monthly basis).
Risk of security portfolio depreciation	continuous monitoring of financial condition of issuers; effective management of treasury portfolio; controlling the Asset and Liability Management Board.



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List of actions taken to improve the corporate risk management system

- ◆ the Limits of liability (sum insured) under separate insurance/reinsurance agreements are approved and in effect (including aggregates of insurance and reinsurance agreements) broken down by categories (types) of insurance;
- ◆ the Plan for emergency circumstances and ensuring continuity of activity of KazakhExport is approved;
- ◆ the Risk Management Policy of KazakhExport is approved and in effect.





Woolworth Building

The skyscraper built in 1910–1913 in New York as the headquarters of the retail chain of F. W. Woolworth Company.

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It was the tallest building in the world in 1913–1930. A hundred years after construction, it still makes the top 50 highest skyscrapers in the United States. In 1972, the skyscraper was declared a national historic site.

Human resources policy





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The human capital assets are the primary strategic resource of paramount importance to achieve the tasks and goals facing KazakhExport.

The policy of human capital assets management in KazakhExport is pursued in the following strategic directions:

- ◆ composing the transparent and open system of selection and assessment of the personnel;
- ◆ enhancing labour efficiency;
- ◆ providing continuous training and development of the personnel;
- ◆ development of the corporate culture.

The consistent work is performed in KazakhExport to strengthen

and develop the human capital assets, comfortable conditions are created for career development and advancement, training, as well as material and moral well-being of the employees.

As at 31 December, 2018, the staff number was equal to 65 staffing positions (in 2017: 51 staffing position). On 27 July, 2018 the Board of Directors approved the new organization chart subject to increase in the number by additional 14 staffing positions.

Increase in the number was initiated in order to expand coverage of export-oriented business entities with implemented measures of support, to promote regional products to the foreign markets, and to improve existing business processes.

In accordance with the Development Strategy of KazakhExport, it is provided to open 14 foreign representative offices in the countries of priority and high interest (in 8 countries). In 2018, 4 staffing positions were allotted therefrom.

In percentage terms, a share of employees of the front office is equal to 40%, the middle office – 34%, and the back office – 12%.

The average age of employees of KazakhExport is 35 years. The share of the senior executives by categories is equal to 29.5%, non-executive employees – 70.5%. As for gender, the share of women among the executives is equal to 44.4%. In the total number of employees the share of women is equal to 36%, men – 64%.

At the end of 2018, the turnover rate of personnel was equal to 6%.

Selection and orientation of the personnel

The candidates are publicly and transparently selected in KazakhExport to the vacant positions on a competition basis. The personnel selection system is based on equal approach to the candidates when hiring and non-

admission of restriction of the rights of the candidates. The personnel are selected based on assessment of professional and personal competences of a candidate.

The system of orientation of new employees is in place to render support in effective integration of new employees into working environment.

Training and development of the personnel

The system of external and internal personnel training is in place in KazakhExport subject to implementation of the present-day technologies. The access is provided to electronic book library with the use of a mobile application, the language courses are organized.

All employees of KazakhExport received training in business profile.

In 2018, a business trainer position is created in KazakhExport to increase coverage of partners and second tier banks with the products of EIC KazakhExport JSC, in all 17

regional subdivisions of EDF DAMU JSC, NCE Atameken, Agrarian Credit Corporation JSC the training workshops concerning activity and measures of support of KazakhExport were conducted relating to the products of EIC KazakhExport JSC.

Evaluation of efficiency of employees' activity

The system of evaluation of efficiency of employees' activity on the basis of the key performance indicators (hereinafter – the KPI) is in place in KazakhExport, which provides for

pegging of a remuneration to the results of activity of the employees.

The KPI allow motivating the high-efficiency employees to achieve

the results and, on the contrary, to determine the employees, which have to develop.

Labour remuneration and motivation of the employees

Since 2017 the grading system developed together with the external consultants – Hay Group, international consulting company – is implemented in KazakhExport to

provide the fair labour remuneration. The grading system provides for estimating and determining value of each position in achieving strategic goals in order to ensure competitive

level of salary of the employees subject to estimation of the market level of labour remuneration.

Social benefits

The social support is focused on enhancement of attractiveness of KazakhExport as an employer, creation of comfortable conditions for the personnel and intensification

of their motivation. The basic directions of the social assistance for the employees provide for rendering the following social support for the employees: rendering material

assistance and voluntary medical insurance (health insurance) of the employees and members of employees' families.

Personnel reserve and succession

In KazakhExport the personnel reserve policy is formed as part of the Single personnel reserve of NMH Baiterek JSC (hereinafter – the SPR).

KazakhExport annually participate in the qualifying rounds to be included into the personnel reserve.

The high-performance employees with the highest potential of

In 2018, 7 employees of KazakhExport were included into the SPR. In 2018, 7 KazakhExport employees were

included in the EQF, and one of them was promoted from the post of director of a division to the post of Managing Director in 2018.

Labour protection

The Instruction on safety and protection of labour for the employees of EIC KazakhExport JSC is in place in KazakhExport. In accordance with the Instruction, from time to time the instructions on safety and protection of labour are given in KazakhExport.

During 2018 there were not any violations of the Instruction and no accident was registered.



Great Wall of China

It is one of the largest and oldest architectural monuments in the world, one of the new Seven Wonders of the World, and a part of the UNESCO World Heritage Site.

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Social responsibility means responsibility of KazakhExport, as a corporate member of KazakhExport, and relates to all areas of functioning of KazakhExport, including social and economic areas. KazakhExport confirms its endeavour to carry out business activity in such a way that to take into consideration the interests and to further sustainable development of all parties concerned.

KazakhExport sets itself the following goals by taking the actions in the area of corporate social responsibility:

- ◆ to form team-oriented, socially protected, creative and economically motivated collective of employees;
 - ◆ to improve labour and rest conditions, to enhance employees' labour safety in accordance with the best world standards;
 - ◆ to achieve and keep a status of the present-day high-efficient and socially responsible KazakhExport.
- ◆ to contribute to keep the high level of economic development of a country;
 - ◆ to further social progress of KazakhExport;

Social responsibility policy



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The principles to render sponsor and/or charity support:

- ◆ existence of an objective need (expediency) to render sponsor and/or charity support;
- ◆ transparency and responsibility when making decisions;
- ◆ practical efficiency of the actions for rendering sponsor and/or charity support;
- ◆ availability of funds in the annual budget to render sponsor and/or charity support;
- ◆ control of intended expenditure of funds allocated within the limits of funds to render sponsor and/or charity support;
- ◆ positive influence on reinforcement of image of KazakhExport.

The basic directions in rendering sponsor support include support of:

- ◆ actions taken on instruction of the President of the Republic of Kazakhstan, the Prime Minister of the Republic of Kazakhstan, the Head of the Administration of the President of the Republic of Kazakhstan, the governing body of KazakhExport, in accordance with the decisions of the executive body of KazakhExport;
- ◆ actions taken in connection with extraordinary situations of natural and man-caused nature;
- ◆ social projects;
- ◆ international conferences, forums with the participation of the Head of the State, the members of the Government of the Republic of Kazakhstan, the members of the governing body and executive body of KazakhExport.

The basic directions in rendering charity support mean support of disabled persons, orphanages, other non-for-profit organizations of social area.

Charity and sponsorship



Mercury Tower

Multifunctional complex, part of Moscow City International Business Center in Moscow.

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The tower's height is 306 meters (75 floors above the ground and 5 floors of underground parking); the total area is 173,960 m. The building has 2 stand-alone reinforced concrete frames making Mercury Tower resistant to earthquakes of magnitude up to 6.

Financial statements



Financial Statements

You may review the full financial statements of KazakhExport, including conclusion of the auditor, at the corporate web-site:

https://keg.kz/rubric/o_nas/otchetnost/finansovaya_otchetnost

Statement of Financial Position as at 31 December 2018

	2018 thousand tenge	2017 thousand tenge
ASSETS		
Cash and cash equivalents	26,871,413	27,045,334
Deposits with banks	11,099,359	8,436,945
Investment securities:		
- at fair value through other comprehensive income	7,435,977	-
- at fair value through profit or loss	1,511,226	-
Financial assets available for sale	-	8,576,549
Accounts receivable on insurance and reinsurance	1,014,713	956,700
Share of reinsurers in provisions for insurance agreements	509,093	834,419
Fixed assets	71,662	46,593
Current tax asset	92,632	216,116
Deferred tax assets	24,455	6,361
Other assets	15,726	44,540
Total assets	48,646,256	46,163,557
LIABILITIES		
Provisions for insurance agreements	4,885,796	3,406,628
Accounts payable on insurance and reinsurance	36,764	154,984
Loan obtained from Samruk-Kazyna JSC	212,512	276,573
Other liabilities	201,514	137,210
Total liability	5,336,586	3,975,395
EQUITY CAPITAL		
Share capital	37,100,000	37,100,000
Additional paid capital on loan obtained from Samruk-Kazyna JSC at a rate below market rate	732,819	732,819
Equalization provision	7,904	62,114
Provision for allied perils	510,942	-
Provision for changes in fair value of securities	(1,267,664)	(1,849,217)
Retained profit	6,225,669	6,142,446
Total equity capital	43,309,670	42,188,162
Total liabilities and equity capital	48,646,256	46,163,557

Statement of Profit and Loss

	2018 thousand tenge	2017 thousand tenge
Charged insurance premiums, gross	2,679,063	1,905,462
Charged insurance premiums transferred to reinsurers	(562,370)	(571,988)
Charged insurance premiums, net	2,116,693	1,333,474
Changes in unearned premium reserves, gross	(707,365)	(904,701)
Share of reinsurers in changes in unearned premium reserves, gross	(366,915)	219,335
Unearned insurance premiums, net	1,042,413	648,108
Paid claims	(55,817)	(1,382,188)
Indemnity for recourse claim	450	1,242,081
Changes in provisions for insurance agreements, gross	(771,803)	(175,806)
Change of share of reinsurers in provisions for insurance agreements	41,589	83,852
Paid claims, net	(785,581)	(232,061)
Interest incomes calculated using the effective interest rate method	2,896,843	2,856,172
Other interest incomes	102,896	133,914
Interest expenses	(29,185)	(33,370)
Net income from change of fair value of investment securities measured at fair value the changes in which are reported as parts of profit or loss for the period	61,006	-
Net profit from foreign currency transactions	612,379	65,109
Net fee incomes/(expenses)	2,135	(408)
General administrative expenses	(1,162,595)	(891,030)
Losses from impairment of debt financial assets	(691,790)	-
Other operating income, net	4,207	16,373
Profit before income tax	2,052,728	2,562,807
Expense on income tax	(467,176)	(431,511)
Profit for the year	1,585,552	2,131,296
Other comprehensive income, less income tax		
Items, which were or may be subsequently reclassified as parts of profit or loss:		
Provision for changes in fair value (financial assets available for sale):		
- Net change of fair value	239,197	234,699
- Net change of fair value carried over as part of profit or loss	(1,435)	-
Other comprehensive income for the year, less income tax	237,762	234,699
Total comprehensive income for the year	1,823,314	2,365,995

Statement of Cash Flow

	2018 thousand tenge	2017 thousand tenge
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax	2,052,728	2,562,807
Adjustments:		
Changes in provisions, less reinsurer's share	1,804,494	777,320
Depreciation of discount and premiums	66,729	62,733
Deterioration and depreciation	15,681	11,779
Interest expense on loan obtained from Samruk-Kazyna JSC	29,185	33,370
Losses from impairment of debt financial assets	691,790	-
Net income from change of fair value of investment securities measured at fair value the changes in which are re-reported as parts of profit or loss for the period	(61,006)	-
Interest incomes calculated using the effective interest rate method	(2,896,843)	(2,856,172)
Other interest incomes	(102,896)	(133,914)
Unrealized foreign exchange	(601,197)	65,109
Cash flows from operating activities before changes in operating assets and liabilities	998,665	686,269
(Increase)/decrease in operating assets		
Deposits with banks	(2,568,687)	(4,013,453)
Accounts receivable on insurance and reinsurance	(59,298)	(211,142)
Other assets	26,771	(32,451)
Increase/(decrease) in operating liabilities		
Accounts payable on insurance and reinsurance	(118,220)	133,566
Other liabilities	63,186	68,519
Net use of cash from operating activities before received fee and paid income tax	(1,657,583)	(3,531,929)
Paid income tax	(367,057)	(394,332)
Received fee	2,513,306	2,643,031
Paid fee	(786)	(925)
Received/(used) cash from/(in) operating activities	487,880	(1,284,155)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed and intangible assets	(31,183)	(39,590)
Cash flows used in investing activities	(31,183)	(39,590)
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	-	13,900,000
Repayment of loan obtained from Samruk-Kazyna JSC	(92,460)	(92,460)
Paid dividends	(639,389)	(32,956)
Cash flows (used in)/from financing activities	(731,849)	13,774,584
Net (decrease)/increase in cash and cash equivalents	(275,152)	12,450,839
Effect of changes in foreign exchange rates by amount of cash and cash equivalents	101,231	(43,062)
Cash and cash equivalents at the beginning of the year	27,045,334	14,637,557
Cash and cash equivalents at the end of the year	26,871,413	27,045,334

Statement of Changes in Capital

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thousand tenge	Share capital	Additional paid capital on loan obtained from Samruk-Kazyna JSC at the rate below the market rate	Equalization provision	Provision for allied perils	Provision for changes in fair value of securities	Retained profit	Total equity capital
Balance as at 1 January 2017	23,200,000	732,819	24,450	226,361	(2,083,916)	3,855,409	25,955,123
Total comprehensive income							
Profit for the year	-	-	-	-	-	2,131,296	2,131,296
Other comprehensive income							
Items, which were or may be subsequently reclassified as parts of profit or loss:							
Net change of fair value	-	-	-	-	234,699	-	234,699
Total other comprehensive income	-	-	-	-	234,699	-	234,699
Total comprehensive income for the year	-	-	-	-	234,699	2,131,296	2,365,995
Transactions with owners reported directly as parts of equity capital							
Share issue	13,900,000	-	-	-	-	-	13,900,000
Paid dividends	-	-	-	-	-	(32,956)	(32,956)
Transfer to provision for allied perils	-	-	-	(226,361)	-	226,361	-
Transfer from equalization reserve	-	-	37,664	-	-	(37,664)	-
Total transactions with owners	13,900,000	-	37,664	(226,361)	-	155,741	13,867,044
Balance as at 31 December 2017	37,100,000	732,819	62,114	-	(1,849,217)	6,142,446	42,188,162

thousand tenge	Share capital	Additional paid capital on loan obtained from Samruk-Kazyna JSC at the rate below the market rate	Equalization provision	Provision for allied perils	Provision for changes in fair value of securities	Retained profit	Total equity capital
Balance as at 1 January 2018	37,100,000	732,819	62,114	-	(1,849,217)	6,142,446	42,188,162
Effect from transition to IFRS 9 as at 1 January 2018	-	-	-	-	343,791	(406,208)	(62,417)
Recalculated balance as at 1 January 2018	37,100,000	732,819	62,114	-	(1,505,426)	5,736,238	42,125,745
Total comprehensive income							
Profit for the year	-	-	-	-	-	1,585,552	1,585,552
Other comprehensive income							
Items, which were or may be subsequently reclassified as parts of profit or loss:							
Net change of fair value	-	-	-	-	237,762	-	237,762
Total other comprehensive income	-	-	-	-	237,762	-	237,762
Total comprehensive income for the year	-	-	-	-	237,762	1,585,552	1,823,314
Transactions with owners reported directly as parts of equity capital							
Paid dividends	-	-	-	-	-	(639,389)	(639,389)
Transfer to provision for allied perils	-	-	-	510,942	-	(510,942)	-
Transfer from equalization reserve	-	-	(54,210)	-	-	54,210	-
Total transactions with owners	-	-	(54,210)	510,942	-	(1,096,121)	(639,389)
Balance as at 31 December 2018	37,100,000	732,819	7,904	510,942	(1,267,664)	6,225,669	43,309,670

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