

«Approved»
by the decision of the Board of Directors
«KazakhExport» EIC» JSC
dated March 11, 2022, Protocol No. 2

*(with amendments and additions
dated August 25, 2022, Protocol No. 9)*

Development plan of the «KazakhExport» Export Insurance Company» Joint Stock Company for 2014-2023

Astana, 2022

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INTRODUCTION

The «KazakhExport» Export Insurance Company» JSC (hereinafter – the KazakhExport) is the only specialized insurance organization - a development institution of the Republic of Kazakhstan, which performs the functions of an export credit agency (hereinafter - ECA). These functions of the KazakhExport were enshrined in the State Program for the Accelerated Industrial and Innovative Development of the Republic of Kazakhstan for 2010-2014, in order to create effective financial mechanisms to support the entry of the Kazakh products of the manufacturing sector to foreign markets.

KazakhExport, as a part of its core business, provides manufacturing exporters and STBs with insurance protection against the risk of non-payments in foreign trade operations and guarantees the security of export transactions.

On March 10, 2017, KazakhExport received the status of a national company. This step, coupled with the transformation, allowed the Company to expand its ability to provide support to the Kazakh exporters.

On December 25, 2017, the KazakhExport Board of Directors approved the KazakhExport Development plan for 2014-2023 (hereinafter referred to as the Development plan) (previously referred to as the Development strategy), which was developed in accordance with the Development plan of the National Managing Holding Baiterek JSC (previously referred to as the Development Strategy) (hereinafter referred to as the Holding, Baiterek, Baiterek Holding), as well as with strategic and program documents of the Republic of Kazakhstan.

On August 18, 2021, the international rating agency «Moody's Investors Service» confirmed the financial strength rating of KazakhExport at the level of «Baa2», the outlook is «stable» in accordance with the sovereign rating.

The development plan of KazakhExport was developed in connection with Baiterek Holding entering a new cycle of medium-term strategic planning, taking into account current trends towards a gradual recovery of the country's economy and foreign trade after the crisis year of 2020, as well as with the reorganization of Baiterek NMH JSC by joining the KazAgro to Baiterek NMH JSC, and updating the Development plan of the Holding, it became necessary to update the Development plan of KazakhExport.

The development s plan strategy is aimed at ensuring the necessary contribution of KazakhExport to the achievement of the goals and objectives of the National Development Plan of the Republic of Kazakhstan for the period 2022-2023 in terms of supporting non-commodity exports.

The key prerequisites for the development of the KazakhExport Development plan are the functioning of the Baiterek Holding according to the model of a consolidated development institution that contributes to the sustainable development of the Republic of Kazakhstan, the preservation and development of the existing structure of the consolidated management and business models of the Holding, as well as the need to follow the updated national goals and objectives contained in the Decree of the President of the Republic Kazakhstan dated February 15, 2018 No. 636 «On approval of the National Development Plan of the Republic of Kazakhstan until 2025 and invalidation of some decrees of the President of the Republic of Kazakhstan».

SHORT RESUME

The updated Development plan of KazakhExport determines the direction of the Company's development in the context of the expected growth of both the most export-oriented activities in the non-primary sector of the economy and the volume of export support to the target level of 1% of GDP. KazakhExport should, on the one hand, contribute to the growth of the number of exporters who received support for the first time and the volume of non-commodity exports, and, on the other hand, technologically and organizationally meet the requirements of a growing client base in the face of an increase in the volume of support provided.

The strategic directions for the development of KazakhExport include improving export support tools, creating conditions for increasing the number of exporters and improving operational efficiency.

The updated Development plan of KazakhExport takes into account the integration of its activities into a set of business support measures provided by the Holding, including all its subsidiaries. This involves the coordination of activities through the Holding's management bodies, the use of infrastructure and IT solutions common to the Holding, as well as the elimination of duplication of functions with other organizations and divisions.

The implementation of the KazakhExport Development plan will be aimed at achieving an updated set of key performance indicators that better reflect the essence and objectives of KazakhExport's activities. The indicators include: the volume of accepted insurance obligations; the amount of pre-export and export-trade financing provided; the number of exporters receiving support for the first time; the amount of export contracts; number of export contracts; the volume of export earnings by enterprises using support tools; the number of people employed in enterprises that received support. At the same time, KazakhExport will be expected to achieve a minimum break-even level of its activities (ROA at the level of 1%).

1. ANALYSIS OF THE CURRENT SITUATION

1.1 Analysis of the external environment

1.1.1. Review of the main trends in the activities of export credit agencies in the world

Analysis of foreign experience in the activities of export credit agencies (ECA) revealed the following trends.

1. ECA activity models

The activities of the ECA are mainly financed from the state budget.

TABLE № 1. MODELS OF ACTIVITIES OF FOREIGN ECAS

Country	ECA	Type of support provided
Denmark	EKF	credit and guarantee and insurance
Italy	SACE	Insurance
Canada	EDC	credit and guarantee and insurance
China	Sinosure	Insurance
Norway	GIEK	Insurance
UNITED STATES	Export-Import Bank	credit and guarantee and insurance
Turkey	Turk EXIM	credit and guarantee and insurance
Czechia	EGAP	Insurance
South Korea	K-Sure	Insurance
Japan	NEXI	Insurance

The Considered ECAs have a state form of ownership, by analogy with KazakhExport. At the same time, in most of the analyzed countries, insurance support is provided by a separate state development institution (ECA).

2. Sustainability

The trend towards sustainable development on a global scale is gaining momentum and creates new opportunities for exporters, new niches are opening in foreign markets. Sustainable development has a significant impact on the activities of companies both within the country and on foreign economic activity.

The developed countries of the world, through development institutions, seek to contribute to the sustainable development of their economies, increasingly paying attention not only to economic, but also to environmental and social aspects when providing financial support, which are fundamental to achieving socially significant results.

3. Development of cooperation with banks, other ECAs and financial development institutions

Global ECAs are involved in projects to finance and insure major export projects with development banks and other ECAs. Considerable attention is also paid to expanding public-private partnerships with commercial credit insurers. Such forms of cooperation make it possible to combine the efforts of export development institutions and the commercial market to promote the export activities of national companies, create competitive products and stimulate international trade and cooperation.

4. Increasing the powers of the ECA

The ECAs of many countries began to provide broader powers to support national exports from the state. ECAs are moving away from the traditional model of support being strictly linked to specific exports and are taking a more proactive stance. The focus is shifting to the implementation of comprehensive support, which is focused on increasing the export potential of national companies, opening new export niches and developing their foreign trade activities. In order to strengthen measures to support non-commodity exports, world ECAs carry out certain types of activities that are not typical of an insurance organization, providing services for insurance (reinsurance), guarantees, as well as crediting and non-financial support for non-commodity exports.

It should be noted that the ECAs of many countries provide such measures of financial and non-financial support for non-commodity exports, such as guaranteeing export credits and foreign investments, tender guarantees, guarantees for the proper fulfillment of obligations, covering foreign exchange risks, direct crediting (including crediting of foreign buyers under export contracts), financing of the exporter's expenses (purchase of raw materials, materials, services of subcontractors) in the performance of obligations under the export contract, financing of the exporter's commercial loan (credit for the period of waiting for the receipt of earnings under the export contract providing for a deferred payment), export factoring (financing against the assignment of monetary claims for closing risk of non-payment by foreign buyers), maintaining the discount rate on loans, financial support through the issuance of bonds, and in some cases, information and consulting services.

5. Expansion of ECA's foreign presence

ECAs of other countries, comparable in terms of activity to KazakhExport, are expanding their presence abroad through their own representative offices and branches. Thus, the ECA of Germany has offices in more than 56 countries of the world, the ECA of Italy - in 26 countries, the ECA of Japan - in three countries, the ECA of the Republic of Korea - in 22 countries, the ECA of the Russian Federation in -11 countries.

6. Strengthening the focus on supporting small and medium-sized businesses

ECA's activity in the world shows a trend of increasing focus on supporting small and medium-sized businesses. Most ECAs in the world focus on supporting SMEs. For example, Export Finance Australia focuses primarily on providing products to the SME segment, providing them with export credits in a short time. A similar focus can be seen in the work of the Canadian agency EDC, which also has priorities for the development of the SME segment and provides direct lending programs for small and medium businesses. In 2019, the Italian export agency SACE created a program to develop this segment with plans to establish partnerships with 3,500 enterprises. This program includes both an extensive network of offices throughout the country and a new product line with a focus on online distribution. Cooperating with SME exporters, ECAs focus on such aspects of their activities as ease and speed of obtaining services, availability of product information and reduction of document flow, transition to remote service.

7. Availability of a state guarantee

ECAs in the world, in most cases, have a state guarantee. As a result, the creditworthiness and, consequently, the credibility of the ECA, as well as the willingness of international financial institutions to cooperate with the ECA, increase.

RUSSIA

In accordance with Decree of the Government of the Russian Federation No. 1233 dated November 29, 2012, a US\$ 10 billion state guarantee of the Russian Federation was provided under a bank guarantee of the Vnesheconombank corporation for a period up to December 31, 2032 inclusive, to secure the fulfillment of EXIAR's obligations under export insurance contracts, loans and investments.

BELARUS

In accordance with Decree of the President of the Republic of Belarus dated August 25, 2006 No. 534 «On promoting the development of exports of goods, works and services», it is determined that the exclusive right to carry out export risk insurance with state support belongs to the Republic of Belarus and is carried out on its behalf by Eximgarant.

POLAND

KUKE is the only insurance company in Poland providing export credit insurance under a state guarantee. The state guarantee extends to support for the export of Polish goods and services with a limited share of foreign content. Thus, for transactions with payment up to 2 years, up to 70% of foreign content is allowed, and for transactions with a payment period of more than 2 years, up to 60% of foreign content is allowed.

Thus, in order to increase the coverage of exporters with financial support measures and improve the efficiency of KazakhExport, it is necessary to increase the amount of the limit provided by the state guarantee of the Republic of Kazakhstan to support exports.

8. Compensation of part of interest rates on export credits

There is a practice of subsidizing interest rates on export credits in the activities of a number of export promotion agencies.

The governments of Kazakhstan's trade partners in the EAEU (Russia and Belarus) subsidize interest rates on export credits provided by commercial banks. As a result, Russian and Belarusian goods are becoming more price-competitive relative to Kazakh products.

RUSSIA

Subsidizing the interest rate on export credits in Russia is carried out on the basis of the following documents:

- Decree of the Government of the Russian Federation dated May 24, 2017 No. 620 «On Approval of the Rules for Providing Subsidies from the Federal Budget to the REC JSC for the Purpose of Subsidizing Interest Rates on Export Credits Provided by Commercial Banks»;
- Decree of the Government of the Russian Federation of May 24, 2017 No. 488 «On Approval of the Rules for Providing Subsidies from the Federal Budget to the Russian Export Center Joint-Stock Company to finance part of the costs associated with the promotion of high-tech, innovative and other products and services to foreign markets
- Decree of the Government of the Russian Federation of June 8, 2015 No. 566 «On approval of the Rules for granting subsidies from the federal budget to the State Specialized Russian Export-Import Bank (joint stock company) in order to compensate for lost income on loans issued as part of supporting the production of high-tech products».

Thus, Decree of the Government of the Russian Federation No. 620 dated May 24, 2017 establishes the conditions and procedure for providing subsidies from the federal budget

for these purposes. According to this resolution, the minimum interest rate on export credit is set as follows:

- for loans with a floating interest rate - not lower than LIBOR or EURIBOR rates increased by 1 percent per annum for loans in US dollars or euros, respectively (if LIBOR or EURIBOR is negative, the rate is taken as zero) and MOSPRIME for loans in Russian rubles;
- for loans with a fixed interest rate:
 - for an export credit for up to 2 years, not lower than the current Commercial Interest Reference Rate, established by the Secretariat of the Organization for Economic Cooperation and Development for export credits, with a maturity of up to 5 years in the currency of the loan or the key rate of the Central Bank of the Russian Federation;
 - for an export credit for a period of more than 2 years, not lower than the current indicative commercial interest rate (Commercial Interest Reference Rate) established by the Secretariat of the Organization for Economic Cooperation and Development for export credits for the corresponding loan term, in the loan currency or the key rate of the Central Bank of the Russian Federation (minimum interest the rate on loans for post-export financing is not set).

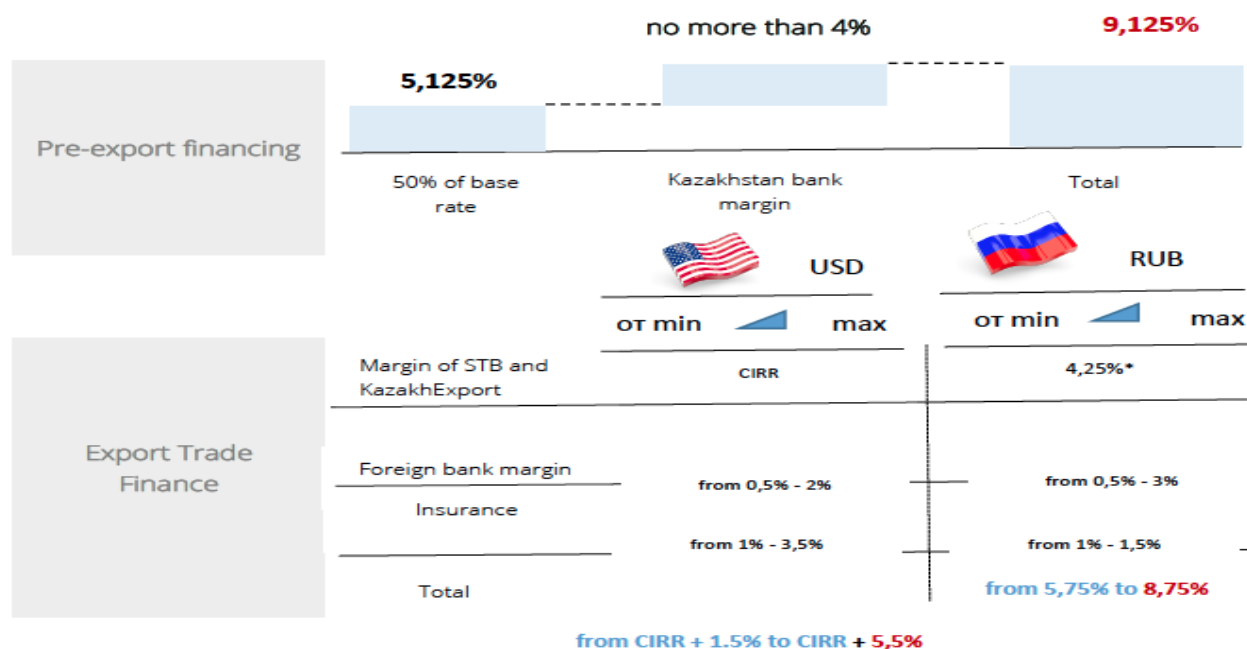
BELARUS

Decree of the President of the Republic of Belarus dated August 25, 2006 No. 534 «On promoting the development of exports of goods (works, services)» provides for compensation for losses to banks and non-bank financial institutions providing financing against the assignment of monetary claims (factoring) in the implementation of export contracts.

In particular, the government of the Republic of Belarus entered into an agreement with Sberbank JSC on issuing preferential loans to the Kazakh entrepreneurs for the purchase of goods manufactured in Belarus. The compensation of the interest rate of the loan is carried out in the amount of 5.5% (refinancing rate of the NBRK). (Press release of SB Sberbank JSC dated September 26, 2016).

The issue of subsidizing interest rates is relevant for Kazakhstan, where the cost of credit resources is much higher than in the OECD countries and in the countries that are key trading partners.

DIAGRAM #1. COST OF FINANCING ON EXPORT CREDITS IN KAZAKHSTAN.



Source: focus interview

* 50% from the key rate of the Central Bank of the Russian Federation

The high cost of credit resources affects the competitiveness of the Kazakh products in the international market. At the same time, according to WTO requirements, the minimum allowable cost of credit resources is set at the level of the reference commercial interest rate (CIRR).

Data on the level of CIRR (as of December 2021) in comparison with the inflation rate are given in the following table.

Table №2. CIRR RATE AND INFLATION RATE IN THE WORLD.

2021	Australia	Great Britain	Germany	Canada	New Zealand	Norway	Poland	USA	South Korea
CIRR,%	2,31	1,49	0,28	2,1	2,36	2,05	2,16	1,82	2,65
Inflation,% *	0.8	1.0	0.5	0.7	1.7	1.3	3.4	1.2	0.5

* inflation data is given for 2020, <https://databank.worldbank.org/source/world-development-indicators>

9. Digitalization

ECAs in the world are affected by digitalization, which is one of the key global trends. ECA's clients pay more and more attention to the simplicity, accessibility and efficiency of providing insurance services. In order to meet these needs, global ECAs are focusing on improving customer focus and process functionality, including through the introduction of innovative technologies.

ECAs are actively moving individual insurance products to an online format, and are striving to automate the entire process as much as possible from applying to obtaining a policy online, simplifying the requirements for customers to receive support and moving to a paperless workflow. This allows to significantly increase the speed of service provision and improve customer experience.

As part of the digitalization of services, banks and other financial institutions are developing single points of access to financial and non-financial services provided by both

the organization itself and its partners. The development of this trend makes it easier to promote and provide support to exporters.

In order to digitalize and automate internal business processes, various digital technologies can be used, such as:

- Data Capture - OCR can digitize text as it enters an operational workflow;
- Compliance control - Several screening solutions are used by banks to automate part of the compliance control;
- Document verification - Artificial intelligence can be used to compare documents and check for errors and inaccuracies;
- Strengthening the scoring system – Process automation can increase the speed of loan decision making;
- Improving the CRM system - analytics using Big Data technologies will allow collecting, storing and analyzing information about customers in order to optimize marketing, as well as improve the quality of service.

1.1.2 Regulatory environment

KazakhExport operates on the basis of a license for the right to carry out insurance (reinsurance) activities in the General Insurance industry No. 2.1.55 dated May 21, 2018, issued by the National Bank of the Republic of Kazakhstan. The license gives KazakhExport the right to carry out insurance activities, including:

- 1) Guarantee and surety insurance;
- 2) Insurance against other financial losses;
- 3) Insurance of losses of financial organizations, with the exception of the classes specified in subparagraphs 13), 14), 15) and 16) of paragraph 3 of Article 6 of the Law of the Republic of Kazakhstan «On insurance activities»;
- 4) Loan insurance;
- 5) Insurance of civil liability, with the exception of the classes specified in subparagraphs 9) -11) of paragraph 3 of Article 6 of the Law of the Republic of Kazakhstan «On Insurance Activities», as well as reinsurance activities.

Thus, KazakhExport cannot carry out other activities, except for those specified in the license, as well as the provision of free consulting support in the field of pre-export and export operations, enshrined in the charter of KazakhExport.

Conclusions

The conditions under which pre-export and export-trade financing is provided by the Kazakh ECAs are more expensive than those offered by foreign peer companies to their clients. This reduces the international competitiveness of the Kazakh goods in terms of price. In part, more attractive financing conditions abroad are achieved through government subsidy programs.

The presence of a sufficient amount of state guarantees for peer companies in the world significantly increases their creditworthiness and confidence in them from international financial institutions, as well as foreign ECAs.

To expand the powers and functions of KazakhExport, work is underway to empower KazakhExport with additional activities of an export credit agency (hereinafter referred to as ECA), as well as to remove the Law of the Republic of Kazakhstan «On Insurance Activities» from regulation by creating a separate targeted law on ECA.

In addition, on December 27, 2021, the Head of State signed the Law of the Republic of Kazakhstan «On Industrial Policy», which introduced a mechanism for subsidizing the interest rate on loans issued and leasing transactions made by second-tier banks, the

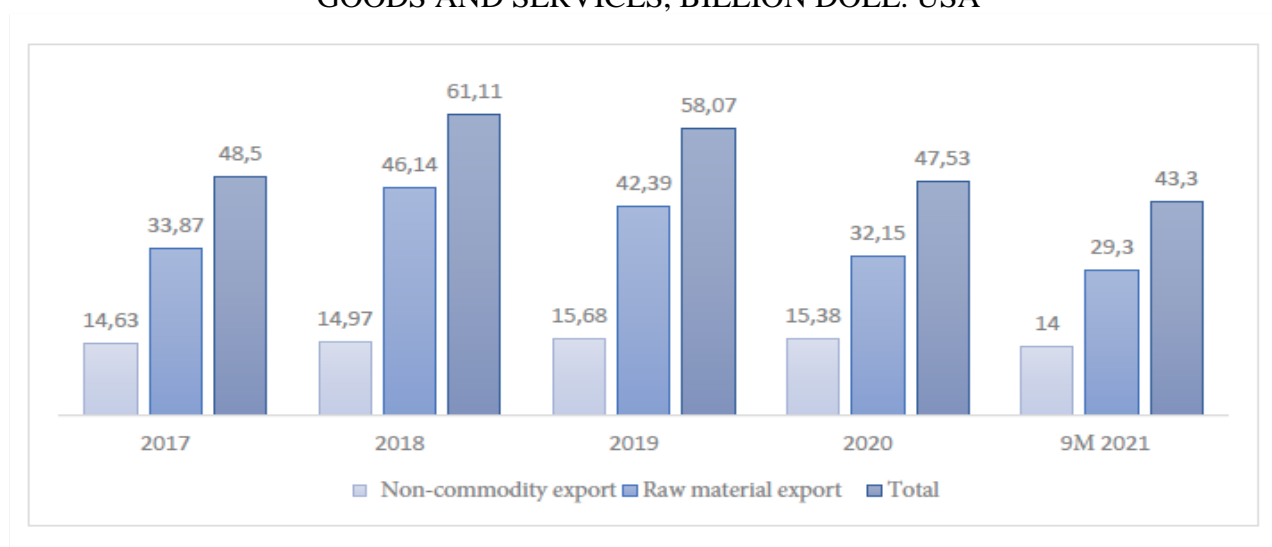
Development Bank of Kazakhstan, other legal entities engaged in leasing activities, foreign buyers domestic high-tech goods and services of the manufacturing industry, which are subject to insurance by a single operator for the promotion of non-resource exports, taking into account the accepted international obligations and the List of domestic high-tech goods and services of the manufacturing industry. Also, there is a Single operator for the promotion of non-resource exports, which provides export trade and pre-export financing, insurance and reinsurance, guaranteeing transactions for the promotion of non-resource exports in accordance with the Laws of the Republic of Kazakhstan.

1.1.3 The main directions of the state export policy

Export has a great impact on the Kazakh economy. At the end of 2020, the share of exports of goods and services in Kazakhstan's GDP amounted to 27.8%. This figure is higher than that of most major developed and developing countries. This phenomenon confirms the high degree of openness of the Kazakh economy and, at the same time, indicates a significant sensitivity to risks associated with the structure of exports. A poorly diversified export basket creates the prerequisites for significant price shocks that could negatively affect the Kazakh economy.

At present, commodities prevail in the structure of Kazakhstan's exports. The 2020 crisis (Covid-19 pandemic) led to a significant decline in the Kazakh exports.

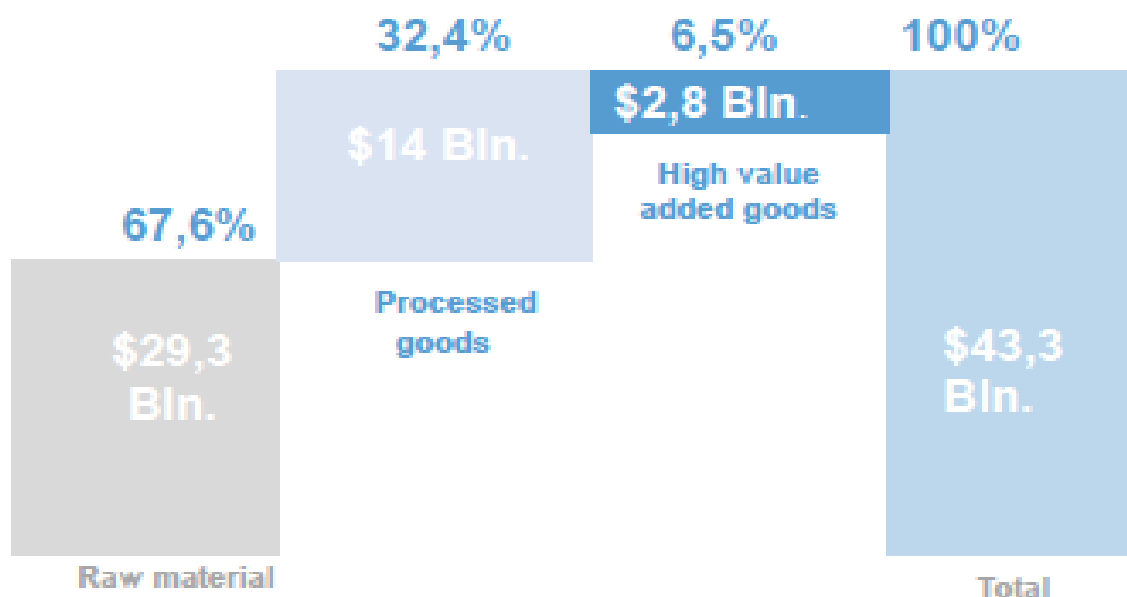
DIAGRAM № 2. STRUCTURE AND DYNAMICS OF KAZAKHSTAN EXPORT OF GOODS AND SERVICES, BILLION DOLL. USA



Source: Bureau of national statistics

The export of non-commodity goods of Kazakhstan is mainly represented by processed intermediate goods, that is, low-added products. For 9 months of 2021, the share of exports of processed intermediate goods in the structure of total Kazakh non-commodity exports amounted to 80%, the share of high value added goods was 6.5%. The share of processed goods in total exports amounted to 32.4%.

DIAGRAM № 3. EXPORT STRUCTURE OF THE REPUBLIC OF KAZAKHSTAN FOR 9 months 2021, BILLION DOLL. USA



Source: SC MNIE KZ, CSI MF KZ, NB KZ

The main goal of the state policy in the field of exports is to diversify the export basket and ensure the growth of non-primary exports at a faster pace.

The National Development Plan of the Republic of Kazakhstan until 2025, approved by Decree of the President of the Republic of Kazakhstan dated February 15, 2018 No. 636 (hereinafter referred to as the National Plan), provides for an increase in the volume of non-primary exports of goods and services until 2025 according to the following plans:

TABLE №3. VOLUME OF NON-COMMODITY EXPORT ACCORDING TO THE NATIONAL PLAN

In US bln.dollars

TARGET INDICATOR	Measuring unit	Plan period				
		2021	2022	2023	2024	2025
The volume of non-commodity exports of goods and services	US bln. dollars	29,2	31,8	34,6	37,7	41,0

In accordance with the instructions of the Head of State, the Government Program «National Export Strategy of the Republic of Kazakhstan» for 2018-2022 (National Export Strategy, NES) was adopted. The goal of the National Export Strategy of the Republic of Kazakhstan is to create conditions for increasing the volume of non-commodity exports by 1.5 times by 2022 (compared to 2015), and doubling by 2025, as well as diversifying sales markets and exports of goods and services.

TABLE № 4. TARGET INDICATORS OF THE NATIONAL EXPORT STRATEGY

TARGET INDICATOR	Measuring unit	PLAN PERIOD				
		2018	2019	2020	2021	2022
The volume of non-commodity exports of goods and services	US bln. dollars	22,7	24,7	26,9	29,3	31,8

The task applicable to the activities of KazakhExport is the provision of financial measures to support exporters.

Within the framework of the NES, the task of providing financial measures to support exporters provides for:

- development of a set of proposals for the financial development of KazakhExport in order to increase the level of financial stability, the degree of confidence in it on the part of financial institutions, as well as export credit agencies of the world.
- consideration of the possibility of reducing the cost of loans and insurance, taking into account the restrictions provided for under the WTO, to the level of the reference commercial interest rate (Commercial Interest Reference Rate - CIRR).
- the need to increase the volume of financing to support exports up to 1% of GDP.

Measures envisaged by the National Export Strategy to provide financial support to exporters were reflected in the initiatives of the updated KazakhExport Development Plan.

1.2. Analysis of the internal environment

1.2.1. Results of activity of KazakhExport for the previous period

As a result of the implementation of the KazakhExport Development plan for the period 2018-2021, it was possible to significantly increase the volume of supported exports and increase the number of supported exporters. Active work over the past period has helped deepen insurance and financial expertise in international projects, as well as expand competencies to support export transactions, taking into account the specifics of priority markets. In the period 2018-2021 KazakhExport provided support to 304 exporters, accepted insurance liabilities in the amount of 526.6 billion tenge, provided trade financing under insurance contracts through conditional bank deposits in the amount of 54.4 billion tenge and pre-export financing to exporters through conditional bank deposits in the amount of 46.6 billion tenge. The amount of export contracts concluded when providing support measures to KazakhExport increased by 1.4 times in the period from 2018-2021. (from 419.8 to 591 billion tenge). The volume of export earnings by enterprises using KazakhExport support tools for 2018-2021 increased from 104.5 billion tenge to 859.2 billion tenge.

The corresponding high growth rate of support volumes will need to be maintained in the new strategic period in order to effectively contribute to the achievement of indicators of the National Plan for the growth of non-commodity exports of goods and services.

1.2.2. KPI performance analysis

Previously, the Development plan of KazakhExport determined 7 key performance indicators (hereinafter - KPI) for the purpose of evaluating the effectiveness of KazakhExport. According to the reports on the execution of the KazakhExport Development plan (approved by the Board of Directors of KazakhExport) for the period from 2018 to 2021, most of the KPIs were achieved:

№	Indicator	Planned values	Actual values	KPI Efficiency performance
STRATEGIC DIRECTION 1. IMPROVING EXPORT SUPPORT TOOLS				
1	Amount of export contracts, billion tenge	2018 – 200 2019 – 325 2020 – 390 2021 – 455	2018 – 420 2019 – 544 2020 – 588,6 2021 – 591	2018 – 210% 2019 – 167,3% 2020 – 151% 2021 – 130%

2	The volume of export earnings by enterprises using the support tools of EIC KazakhExport JSC (with accumulation since 2014), billion tenge	2018 – 99,5 2019 – 164,2 2020 – 328,2 2021 – 458,9	2018 – 104,5 2019 – 287,1 2020 – 647,2 2021 – 859,2	2018 – 105% 2019 – 175% 2020 – 197,2% 2021 – 187,2%
3	The volume of accepted insurance liabilities, billion tenge	2018 – 79,5 2019 – 95,0 2020 – 150 2021 – 200	2018 – 90,2 2019 – 97,1 2020 – 134,6 2021 – 204,7	2018 – 113,4% 2019 – 102,2% 2020 – 89,7% 2021 – 102,3%
4	The number of exporters who for the first time received support from EIC KazakhExport JSC, amount.	2018 – 20 2019 – 25 2020 – 25 2021 – 25	2018 – 27 2019 – 42 2020 – 40 2021 – 28	2018 – 135% 2019 – 168% 2020 – 160% 2021 – 112%
STRATEGIC DIRECTION 2. CREATING CONDITIONS FOR INCREASING THE NUMBER OF EXPORTERS				
5	The volume of products produced by business entities that received support (with accumulation since 2014), billion tenge	2018 – 99,5 2019 – 164,2 2020 – 328,2 2021 – 458,9	2018 – 157,8 2019 – 287,1 2020 – 647,2 2021 – 859,2	2018 – 105% 2019 – 175% 2020 – 197,2% 2021 – 187,2%
6	Number of export contracts, number	2018 – 309 2019 – 343 2020 – 353 2021 – 363	2018 – 334 2019 – 368 2020 – 374 2021 – 448	2018 – 108% 2019 – 107,3% 2020 – 106% 2021 – 123,4%
STRATEGIC DIRECTION 3 INCREASE OPERATIONAL PERFORMANCE				
7	ROA, %	2018 – 2,12% 2019 – 2,21% 2020 – 1,58% 2021 – 1,28%	2018 – 3,3% 2019 – 3,44% 2020 – 3,66% 2021 – 1,61%	2018 – 157% 2019 – 156% 2020 – 232% 2021 – 126%

At the end of 2018-2021, the strategic performance indicators were achieved in full. At the same time, in 2020, the Company's strategic KPI «Volume of accepted insurance obligations» was fulfilled by 89.7%. The achievement of the planned value of the KPI «Volume of accepted insurance liabilities» in 2020 was affected by the general decline in economic activity caused by the Covid-19 pandemic. Thus, a number of countries that are a traditional market for the Kazakh exporters, in order to contain the spread of the virus, completely closed borders for a long period. In addition, in order to ensure food security and prevent price increases for certain categories of food products, the Government of Kazakhstan introduced restrictive measures for their export. In addition, many enterprises have been forced to cut staff and production volumes.

In this connection, the volume of their products provided only the needs of the domestic market of Kazakhstan. At the same time, the total volume of provided export insurance increased by 1.4 times compared to 2019.

The reviewed key performance indicators signal a significant increase in the efficiency of KazakhExport over the previous period and set ambitious goals for the next strategic period.

1.3 SWOT – analysis

DIAGRAM № 4. SWOT – ANALYSIS KAZAKHEXPORT

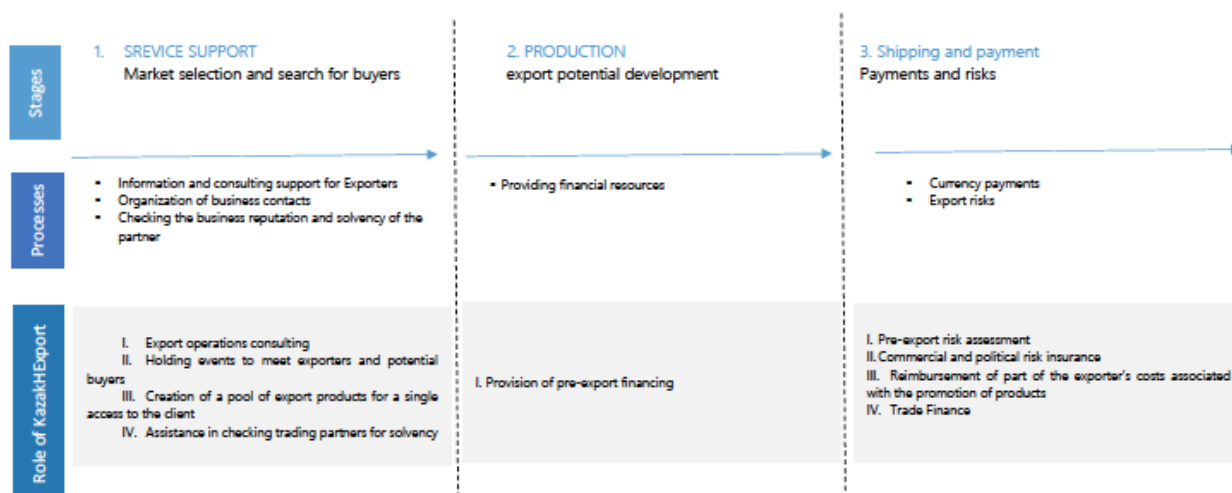
	Capabilities Involvement of STBs in providing financial support to exporters Creation of own legislative base Development of rules for subsidizing the interest rate of trade finance The widespread introduction of digital technologies allow to increase customer outreach, improve the quality of services provided and reduce operating costs Creation of a unified IT infrastructure to provide financial support for exporters Improving external communication links with KazakhExport target groups Development of PR-activity in social networks	Threats Lack of highly qualified personnel Poor awareness of KazakhExport activities among exporters Weak competitiveness of Kazakh non-commodity goods in foreign markets Changes in macroeconomic indicators, including the level of political risks in export regions Disinformation and negative publications in the media and social networks about the activities of KazakhExport
Strengths Availability of ECA functions providing financial measures to support exporters Significant injections into the authorized capital from the state, as well as the availability of the State guarantee for export support Possibility to provide funding for concessional financing of exporters Membership in the Prague Club of the Berne Union of the International Association of Insurers - the opportunity to use the world experience and knowledge of the world's leading ECAs Availability of foreign representatives representing priority: high and moderate export potential High level of stakeholder confidence in the activities of KazakhExport Unified communication policy of the Holding and KazakhExport	Strategic Actions Development of own legislative base Reducing the cost of financial services and increasing the volume of financial support for exporters by adopting regulatory legal acts to implement a mechanism for subsidizing the trade finance rate for foreign buyers of domestic high-tech goods and services	Strategic Actions Conduct effective communication about their activities, PR Provision of service support, only within the framework of information and consulting support for exporters and organization of business contacts
Weaknesses High cost of services provided relative to foreign peer companies Lack of a specialized legislative framework for the effective operation of the ECA Inability to compensate part of the interest rates on export credits Limited amount of support for exporters in the absence of additional capital injection and the provision of state guarantees Slow pace of development of non commodity exports as a limiting factor Lack of awareness of KazakhExport instruments and implemented projects among stakeholders	Strategic Actions Expansion of presence in the countries of export interest Automation of business processes Increasing the state guarantee limit Compensation of part of interest rates on export credits Raising awareness of the activities of the Company, through the implementation of regional coverage for the training of entrepreneurs of Kazakhstan on the measures provided to support exporters with the tools of JSC EIC KazakhExport	Strategic Actions Strengthening the staff and increasing the competence of employees Revision of wages in order to retain them

STRENGTHS

- Availability of ECA functions providing financial measures to support exporters
- Significant injections into the authorized capital from the state, as well as the availability of the State guarantee for export support
- Possibility to provide funding for concessional financing of exporters
- Membership in the Prague Club of the Berne Union of the International Association of Insurers - the opportunity to use the world experience and knowledge of the world's leading ECAs
- Availability of foreign representatives representing priority: high and moderate export potential
- High level of stakeholder confidence in the activities of KazakhExport
- Unified communication policy of the Holding and KazakhExport

KazakhExport can provide support to exporters at many stages of the export operation: at the stage of providing service support, at the stage of production and at the stage of product sales. This allows to have a more accurate and in-depth understanding of the needs and characteristics of customers, which is a competitive advantage.

DIAGRAM № 5. ADDED VALUE KAZAKHEXPORT



WEAKNESSES

- High cost of services provided relative to foreign peer companies
- Lack of a specialized legislative framework for the effective operation of the ECA
- Inability to compensate part of the interest rates on export credits
- Limited amount of support for exporters in the absence of additional capital injection and the provision of state guarantees
- Slow pace of development of non-commodity exports as a limiting factor
- Lack of awareness of KazakhExport instruments and implemented projects among stakeholders

OPPORTUNITIES

- Involvement of STBs in providing financial support to exporters
- Creation of own legislative base
- Development of rules for subsidizing the interest rate of trade finance

- The widespread introduction of digital technologies allows you to increase customer
- outreach, improve the quality of services provided and reduce operating costs
- Creation of a unified IT infrastructure to provide financial support for exporters
- Improving external communication links with KazakhExport target groups
- Development of PR-activity in social networks

THREATS

- Lack of highly qualified personnel
- Poor awareness of KazakhExport activities among exporters
- Weak competitiveness of Kazakhstani non-commodity goods in foreign markets
- Changes in macroeconomic indicators, including the level of political risks in export regions
- Disinformation and negative publications in the media and social networks about the activities of KazakhExport

1.4 PEST – analysis

TABLE 5: PEST – ANALYSIS

P – Political and legal factors	E – Economical factors
<p>As a result of the active state policy to stimulate exports, the role of KazakhExport and the need for effective tools to support exports are growing.</p> <p>Integration processes involve the opening of markets for the export of the Kazakh products, which creates opportunities for increasing the Kazakh exports.</p> <p>The increase in trade barriers introduced by Kazakhstan's partner countries may adversely affect the development of exports.</p> <p>The adoption of legislative changes that eliminate regulatory restrictions on the activities of KazakhExport will increase the volume of financial services provided to exporters.</p> <p>Measures taken by governments of foreign countries to support exports may reduce the competitiveness of the Kazakh goods and services</p>	<p>The growth in the number of export-oriented non-primary enterprises as a result of the implementation of sectoral state programs increases the export potential of the Republic of Kazakhstan.</p> <p>The weak level of competitiveness of the Kazakh exporters of non-commodity goods, works and services in foreign markets, as well as the deterioration of the global economy and the decline in foreign trade, have a negative impact on the growth of exports of the Republic of Kazakhstan.</p> <p>Low amounts of financing allocated for export promotion and high lending rates offered by STBs and development institutions to the Kazakh exporters reduce the competitiveness of the Kazakh commodity producers in foreign markets.</p>
S – Social factors	T – Technological factors
<p>The insufficient level of qualification of entrepreneurs in terms of conducting export operations negatively affects the growth of exports of the Republic of Kazakhstan.</p> <p>The growth of the culture of insurance and the level of risk management in companies, as well as the increase in the degree of confidence in development institutions from exporters have a positive effect on the development potential of KazakhExport.</p>	<p>The development of information technology, CRM and automated scoring systems can improve the operational efficiency of KazakhExport.</p> <p>Implementation of a digital portal to support exporters.</p>

2. MISSION AND VISION

KazakhExport has defined the following mission and vision.

MISSION

The mission of KazakhExport is to support the growth of exports of non-commodity goods, works, services in priority sectors of the economy and the formation of the practice of financial, insurance and non-financial support for Kazakhstani enterprises.

VISION

Become the main development institution to provide financial support for the export operations of the Republic of Kazakhstan.

3. STRATEGIC GOALS

Based on the analysis, as well as taking into account the objectives of the National Export Strategy, the key strategic goals of KazakhExport are to increase the volume of supported export contracts and increase the number of exporters who received financial support to the target values.

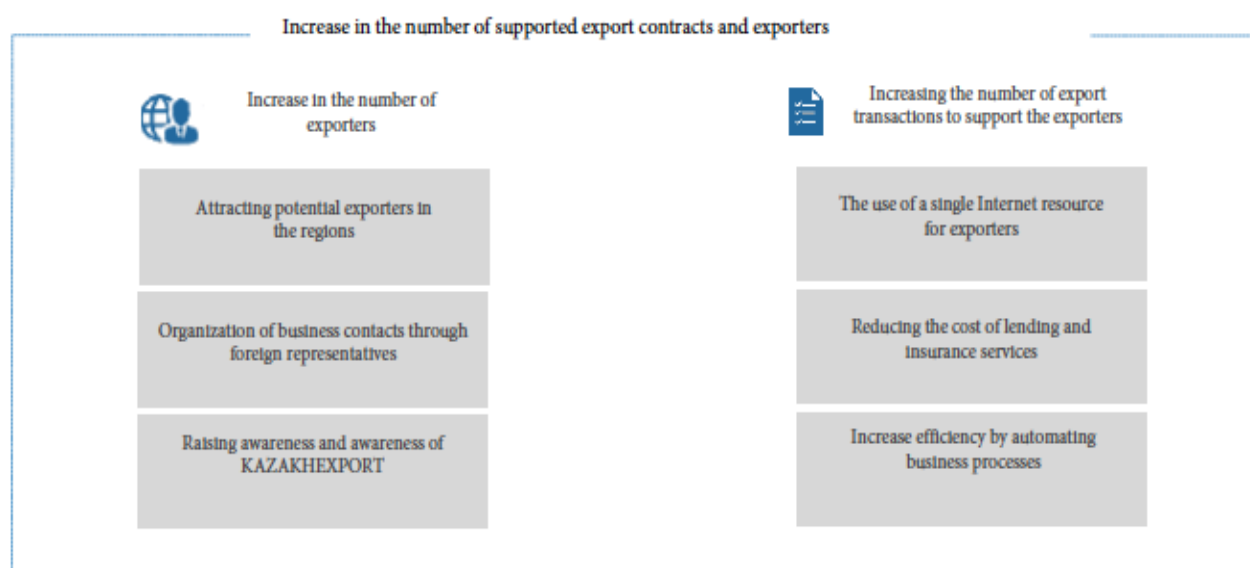
An increase in the number of exporters who have received financial support can be achieved through:

1. Attracting potential exporters in the regions;
2. Organization of business contacts through foreign representatives;
3. Increasing recognizability and awareness of the activities of KazakhExport.

In turn, an increase in the number of export transactions on per supported exporter can be achieved by:

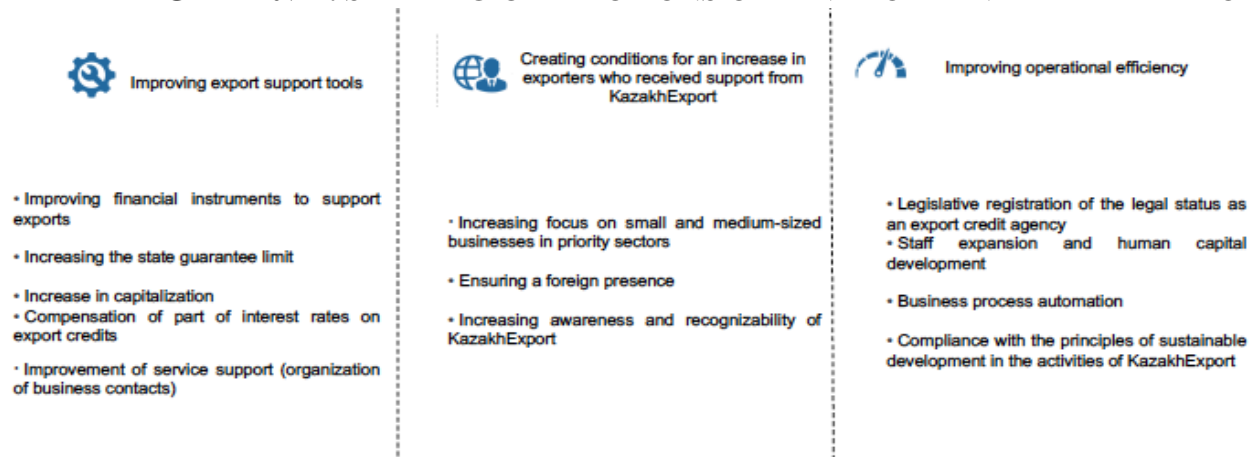
1. A single Internet resource for exporters;
2. Cheaper cost of credit and insurance services;
3. Increasing efficiency by automating business processes.

DIAGRAM № 6. TREE OF SOLUTIONS TO ACHIEVE THE STRATEGIC GOAL KAZAKHEXPORT



As a result of the analysis and based on strategic goals, three strategic development directions were identified: improving export support tools, creating conditions for increasing the number of exporters and increasing operational efficiency

DIAGRAM № 7. STRATEGIC DIRECTIONS OF DEVELOPMENT KAZAKHEXPORT



4. STRATEGIC DIRECTIONS OF DEVELOPMENT

Strategic initiatives aimed at achieving the goals of KazakhExport can be grouped into three areas:

TABLE 6: STRATEGIC DEVELOPMENT DIRECTIONS AND STRATEGIC INITIATIVES

№	Strategic direction	Strategic Initiative
1	Improving export support tools	Improving financial measures to support exports <ul style="list-style-type: none"> • Increase in the limit of the state guarantee provided to support exports • Compensation of part of interest rates on export credits • Increase in capitalization
		Improvement of non-financial support measures
		Improvement of service support (organization of business contacts)
2	Creating conditions for increasing the number of exporters	Regional presence in the territory of the Republic of Kazakhstan
		Ensuring a foreign presence
		Raising awareness and awareness of KazakhExport
3	Improve operational efficiency	Provision of financial and insurance services to support Kazakhstani exporters as an export credit agency
		Expansion of the staff and development of human capital
		Automation of business processes
		Compliance with the principles of sustainable development in the activities of KazakhExport

5. STRATEGIC INITIATIVE

5.1. Strategic initiative 1: Legislative consolidation of the legal status as an export credit agency

KazakhExport is the only insurance organization that partially performs the functions of an export credit agency. The current legal status of KazakhExport does not allow the use of existing exporter support tools that are widely used in export credit agencies (ECAs) of developed countries. ECAs of developed countries have a special legal status, where ECAs are controlled by the Government with the functions of insurance, reinsurance, guaranteeing, crediting export operations, including foreign buyers. Moreover, their activities are regulated by separate special laws or legal acts that allow them to carry out their activities without a license. In this regard, there is a need to expand the powers of KazakhExport and change its legal form.

The activities of KazakhExport are regulated by the provisions of the Law of the Republic of Kazakhstan «On Insurance Activities», KazakhExport operates under a license for the right to carry out activities for voluntary insurance and reinsurance issued by the National Bank of the Republic of Kazakhstan. These circumstances do not allow vesting KazakhExport with other functions for the development and promotion of exports, which are inherent in the ECA. Taking into account that in order to modernize the system for supporting the export of domestic processed goods (works, services), it became necessary to establish the legal regulation of the activities of the ECA, which is absent in the Republic of Kazakhstan, as an institution that develops and promotes non-primary exports in a separate legal regime, it is necessary to legally establish its rights and duties, types and goals of activities to support exporters, the procedure for interacting with government agencies, organizations and exporters, certain requirements for ensuring solvency and financial stability in connection with a separate legal status in the insurance and financial services market, as well as a mechanism for monitoring and supervising its activities.

A targeted law on the ECA is being developed to increase financial instruments to support domestic exporters, and in their interests to interact with domestic and foreign financial organizations and the ECA. The international experience of ECA activities in Russia, Hungary, Canada, Australia and India is analyzed, which showed that ECAs carry out insurance, reinsurance, guarantee and financing of export operations. This will make it possible to remove KazakhExport from the regulation of the Law «On Insurance Activities» and the financial regulator represented by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market by vesting it with the functions of an ECA, which, on the other hand, will not require additional costs for its creation from the state budget. As a result, a targeted law will be adopted to regulate ECA's activities in the financial market and realize the mission of KazakhExport as a single operator for the promotion of non-commodity exports.

Thus, after granting KazakhExport the status of an export credit agency, its functions will include: insurance and reinsurance of domestic exporters; guaranteeing the activities of domestic exporters when concluding transactions; financing of foreign buyers of the Kazakh processed goods and services; promotion of exports of domestically processed goods and services in foreign markets through the establishment of foreign representative offices. The phased development of an export credit agency depends on a number of factors, including:

- State policy in terms of export support;
- The structure of the country's exports and the needs of exporters;

- The state of the country's financial market;
- Increasing the limit of the state guarantee for export support;
- Growth of export credit volumes due to cheaper interest rates

5.2. Strategic initiative 2: Provide financial support measures

As part of this initiative, KazakhExport will provide the following financial support measures to exporters:

1. Export credit insurance
2. Pre-export financing
3. Insurance of civil liability of the exporter for the return of advance payments
4. Insurance of export letters of credit
5. Export trade finance
6. Loan insurance
7. Financial leasing insurance
8. Loss insurance for financial organizations
9. Insurance of bank guarantees issued by a foreign bank
10. Investment insurance
11. Insurance of a credit organization when financing a foreign counterparty
12. International factoring insurance
13. Civil liability insurance of the exporter for bonds
14. Project finance insurance
15. Insurance of losses of the Exporter related to the performance of works and the provision of services
16. Insurance of civil liability of the exporter to financial institutions
17. Insurance of civil liability of the exporter for urgent currency transactions
18. Insurance of short-term receivables of the exporter

At the beginning of 2022, KazakhExport provides financial and insurance support services to exporters, when exporters apply with a need for cooperation instruments that are not in the line of financial and insurance products, KazakhExport will initiate the introduction of new financial and insurance instruments. As of early 2022, the services provided by KazakhExport to exporters are mainly represented by insurance, export trade finance and pre-export finance services.

For the effective provision of the abovementioned financial services, it is necessary to implement the following tasks.

1. Increase in the limit of the state guarantee for export support.

At the beginning of 2022, the available resources of KazakhExport may not be enough to achieve the goals set out in the approved Development plan of the «KazakhExport» EIC» JSC for 2019-2023. In 2019, in order to increase the insurance capacity of KazakhExport, by the Decree of the Government of the Republic of Kazakhstan (dated December 24, 2019 No. 966), the State Guarantee was provided to support exports in the amount of 102 billion tenge with a validity period of 10 years. In 2021, in order to further increase the insurance capacity of KazakhExport for risk insurance, the maximum size of a supported transaction for large deliveries and/or transactions, the Government of the Republic of Kazakhstan (dated September 22, 2021 No. 657) provided the State Guarantee for export support in the amount of 100.2 billion tenge valid for 10 years.

An increase in the limit of the State Guarantee to support exports will allow KazakhExport to increase the insurance capacity in order to further assume insurance obligations. To accept an additional volume of insurance obligations, it is necessary to have a sufficient amount of insurance capacity for insurance and financial risk. The insurance capacity of KazakhExport is formed from equity capital and the total amount of the State Guarantee for export support provided by the central authorized body for budget execution on behalf of the Government of the Republic of Kazakhstan.

In order to further increase the risk insurance capacity, the maximum size of the supported transaction for large deliveries and/or transactions, increase confidence on the part of international financial institutions and foreign export credit agencies, as well as maintain the financial stability of KazakhExport, it is necessary to increase the authorized capital of KazakhExport and the size of the State export support guarantees.

in bln. tenge

Name	2021	2022	2023
	plan	plan	plan
Equity	114,3	114	114
State guarantee for export support	202,2	202,2	412,2
Total collateral for the company's obligations	316,5	316,2	526,2
Portfolio of liabilities at the beginning of the reporting period	176,8	315,2	526,2
+ Annual volume of insurance liabilities	200	250	302
- Termination (repayment) of obligations in the reporting period	61,6	39,0	120
Portfolio of liabilities at the end of the reporting period	315,2	526,2	708,2
Need for additional funding	-	210	182,2

With the growth of the insurance portfolio, the pressure on financial stability increases, that is, an indicator that reflects the ability to take on new insurance obligations by an insurance company, which depends primarily on the size of equity and/or assets.

Growth dynamics of insurance liabilities and their ratio to equity capital

in bln tenge

Name	2020	2021	2022	2023
	fact	plan	plan	plan
Equity	109	114,3	114	114
Annual volume of insurance liabilities	135	200	250	302
Portfolio of insurance liabilities at the end of the reporting period	177	316,5	516,2	708,2
The ratio of capital to insurance liabilities	1,62	2,77	4,52	6,2

An adequate amount of the authorized capital of KazakhExport or Insurance Capacity allows you to take insurance risks on export transactions, maintain the level of profitability of assets without violating the prudential standards established by the authorized body, and increase the possibilities of financial and insurance support for large exporters in strategic sectors of the economy to achieve the goals of implementing state policy in promotion of national exports.

2. Placing a conditional deposit of KazakhExport in second-tier banks at a low interest rate will reduce the cost of export-trade and pre-export financing and increase the competitiveness of the Kazakh goods

PRE-EXPORT FINANCING.

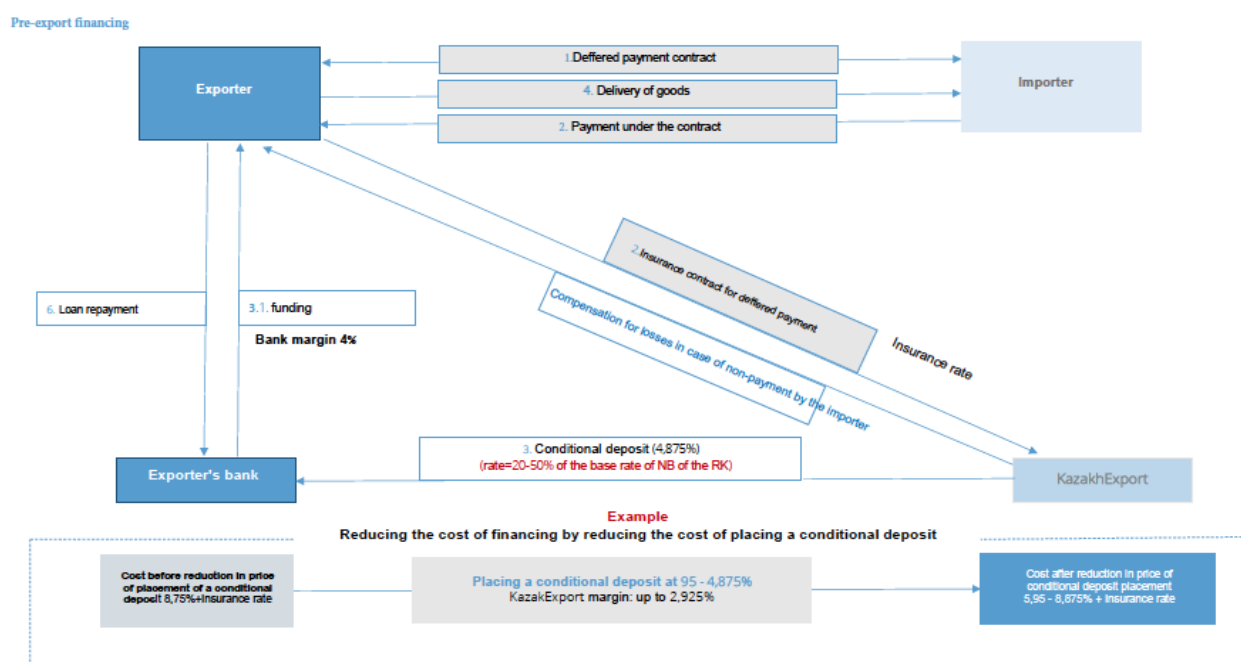
The cost of pre-export finance provided to exporters is quite high. When providing pre-export financing, KazakhExport places a conditional contribution to the exporter's STB at a rate not exceeding 50% of the base rate of the NBRK plus the STB margin when crediting the exporter. In addition, the exporter is obliged to pay an insurance tariff in order to receive credit. Thus, the final cost for the exporter is formed. This cost of financing of the exporter affects the formation of the price of his products.

As part of this initiative, it is proposed to consider the possibility of reducing the cost of pre-export financing by placing KazakhExport on a conditional deposit based on two fundamental principles:

1. KazakhExport's income from interest on the conditional deposit should not be the main source of profit;
2. The final cost of credit for exporters should be within 40-60% of the market value.

As a result, the competitiveness of the Kazakh products in terms of price in foreign markets will increase, as well as the demand for this type of financial support among exporters, including in the regions.

DIAGRAM №8. INSTRUMENT MECHANISM PRE-EXPORT FINANCING



EXPORT TRADE FINANCING

The cost of export trade finance provided to importers is quite high. When providing export trade finance, the combined margin of KazakhExport and a Kazakh bank is formed from:

- Interest rates on a conditional bank deposit (% per annum). This value is determined by the decision of the Asset and Liability Management Council of KazakhExport.
- Insurance tariff rates under the Letter of Credit Insurance Agreement/Loan Insurance Agreement (% per annum). The value for this tariff is set in accordance with the tariff policy of KazakhExport, taking into account the object of insurance and the nature of the insurance risk;

- Margin of the Bank (% per annum). This value should not exceed 2% (two percent) for financing the Issuing Bank in US dollars and euros and 3% (three percent) for financing the Foreign Counterparty in tenge and Russian rubles. The margin of a foreign bank varies considerably depending on the country of the importer.

The cost of financing offered to the importer directly affects the attractiveness of the Kazakh products for a foreign buyer. As part of this initiative, it is proposed to consider the possibility of reducing the cost of export financing by placing KazakhExport on a conditional deposit based on two fundamental principles:

1. KazakhExport's income from interest on the conditional deposit should not be the main source of profit;

2. The final cost of credit for the importer must be lower than the cost of credit in the market of the importer's country.

It is assumed that as a result, the competitiveness of the Kazakh products in terms of price in foreign markets will increase, as well as the demand for this type of financial instrument among importers will increase.

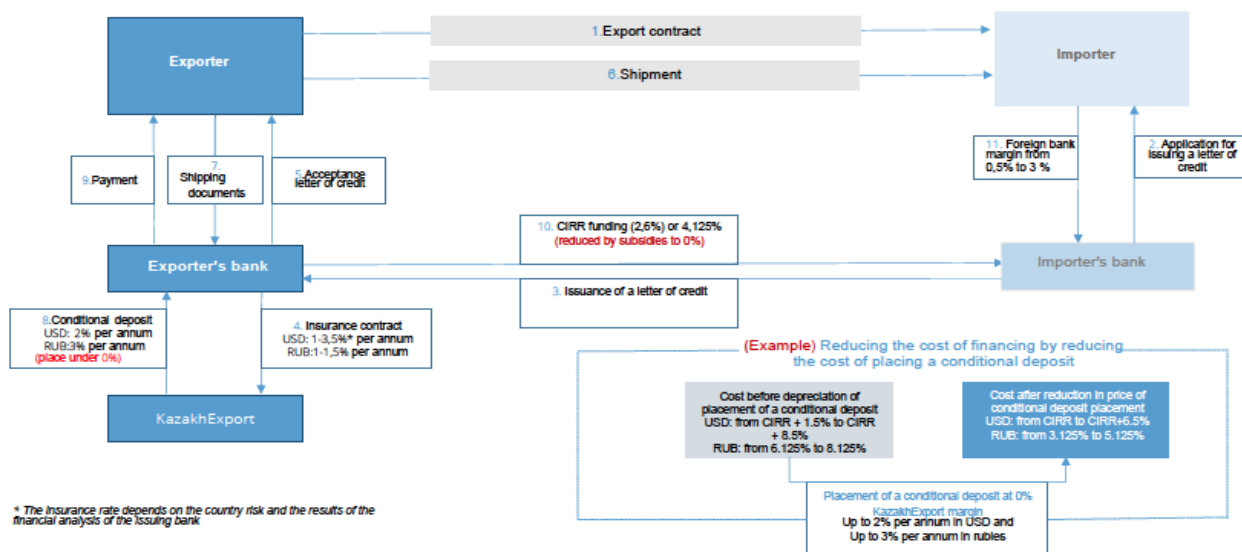
In the future, in order to reduce the cost of export trade financing provided to the importer, it is proposed to compensate for part of the interest rate to a level not lower than CIRR according to the experience of the Russian Federation. Financing of export transactions at a rate not lower than the CIRR does not contradict WTO requirements and is not considered an export subsidy.

The Law of the Republic of Kazakhstan dated December 27, 2021 «On Industrial Policy» introduced a mechanism for subsidizing the interest rate on loans issued and leasing transactions made by second-tier banks, the Development Bank of Kazakhstan, other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of the manufacturing industry which are subject to insurance by a single operator for the promotion of non-primary exports, taking into account the accepted international obligations and the List of domestic high-tech goods and services of the manufacturing industry. Also, there is a Single operator for the promotion of non-primary exports, which provides export trade and pre-export financing, insurance and reinsurance, guaranteeing transactions for the promotion of non-primary exports in accordance with the laws of the Republic of Kazakhstan. Work is underway to develop the relevant Rules for subsidizing and the List of high-tech goods and services approved by order of the Minister of Trade and Integration of the Republic of Kazakhstan.

It is expected that as part of the implementation of the country's export policy, at least 10% of the amount of subsidies for compensation payments will be directed to finance export projects implemented by SMEs.

DIAGRAM № 9. INSTRUMENT MECHANISM EXPORT TRADE FINANCING

Export Trade Finance



5.3. Strategic initiative 3: Provide non-financial support measures

The main activity of KazakhExport is the provision of financial and insurance support to exporters, while non-financial support instruments are used by other development institutions of the Republic of Kazakhstan.

At the same time, the presence of business contacts with foreign companies that are counterparties of Kazakh exporters, as well as the expansion of the network of KazakhExport representatives in countries of priority and high export interest, as envisaged by this Development plan, favorably poses KazakhExport for provision of exporters with service support in the form of information and consulting services and the organization of business contacts.

Within the framework of this initiative, the following tasks are expected to be performed:

1. Search for buyers in countries of priority and high export interest through foreign representatives;
2. Organization of business contacts for potential foreign importers and Kazakh producers.

KazakhExport already has a positive experience of such activities. In particular, a buyer of cars assembled in Kazakhstan was attracted to the Russian Federation and the Republic of Uzbekistan. In the Republic of Tajikistan, with the assistance of the Foreign Representative, financing was organized for the export of the «H125 Airbus Helicopters» helicopter manufactured by the Eurocopter Kazakhstan Engineering LLP for Somon Air LLC.

5.4. Strategic initiative 4: Regional presence in Kazakhstan

The strategic goal of KazakhExport is to increase the number of exporters who received financial support for the first time, up to 25 in 2023. An increase in the number of exporters receiving financial support for the first time can be achieved by attracting exporters to the regions of Kazakhstan.

Ensuring a regional presence will increase the number of exporters receiving financial support for the first time. Regional managers of the KazakhExport Insurance Department are assigned to each region of the Republic of Kazakhstan to build communications with

exporters. Systematic visits of regional managers to supervised regions are made to establish contacts and relationships with exporters, local authorities, research and production enterprises, branches of STBs. Continuous analytical work is carried out to identify the export potential of each region.

It is proposed to focus the provision of financial and insurance support to exporters of food industry goods, mechanical engineering, metallurgy, export of services and works, chemical industry, agricultural products and services for the construction of infrastructure projects.

5.5. Strategic initiative 5: Presence in the territory of countries of priority and high export interest

Presence in the territory of countries of priority and high export interest

Against the backdrop of expected growth in non-commodity exports and an increase in financial support for exporters to the level of 1% of GDP, the task of developing an international presence in accordance with best practice becomes more urgent. In the period from 2018 to 2019, KazakhExport created seven foreign representatives in the following cities:

1. Kazan, Russian Federation;
2. Tashkent, Republic of Uzbekistan;
3. Dushanbe, Republic of Tajikistan;
4. Xi'an, People's Republic of China (responsibility area Shanxi Province);
5. Yekaterinburg, Russian Federation (area of responsibility is the Ural Federal District).
6. Novosibirsk, Russian Federation (area of responsibility Siberian Federal District).
7. Bishkek, Kyrgyz Republic.

In 2022 - 2023 it is planned to open offices of foreign representatives of KazakhExport in the cities of Moscow (Russian Federation, Beijing (People's Republic of China). Foreign representatives represent, promote and protect the interests of KazakhExport in relations with counterparties on issues of increasing the volume of exports of non-commodity goods, works and services of the Republic of Kazakhstan abroad on the basis of an appropriate power of attorney.

The main tasks of foreign representatives are:

- promotion of export of non-commodity goods, works and services in countries of priority, high and moderate export interest;
- ensuring prompt interaction with contractors;
- ensuring the collection of information about potential markets for Kazakhstani products, as well as assistance in verifying the accuracy of information about counterparties in the host country;
- study and assessment of markets for the presence of foreign representatives, provision of information and consulting support to exporters, as well as assistance in organizing business contacts and trade and economic missions;
- assistance in organizing and conducting work on the return of insurance payments in the event of an insured event, recovery of receivables in court and pre-trial procedures in the host countries of a foreign representative.

Foreign presence in countries of export interest for Kazakhstan will be ensured by appointing its own foreign representatives in countries of priority and high export interest.

The criteria for selecting sales markets and their distribution into groups are:

- transport accessibility of cargo transportation;
- index of complementarity of the structure of imports of countries and exports of Kazakhstan;
- Forecast of the growth of imports of countries and the volume of imports of Kazakhstani non-commodity goods;

Three groups of countries are considered as markets for potential exports of the manufacturing industry of the Republic of Kazakhstan. The most accessible markets for the Kazakh processed products are China and Russia.

The second group of countries is represented by such rapidly growing economies as Uzbekistan and Iran, with which Kazakhstan also has common borders (in particular, with Iran along the Caspian Sea). The third group includes the more remote Japan, South Korea, India, Pakistan, Turkey, Saudi Arabia and the United Arab Emirates.

At the same time, as a result of the analysis of data on the volume of financial and insurance support provided by KazakhExport to the exporters of the Republic of Kazakhstan and their counterparties, the following groups of export interest were identified:

- Countries of priority export interest: Russia and China;
- Countries of high export interest: Tajikistan, Kyrgyzstan, Uzbekistan, Belarus, Azerbaijan;
- Countries of moderate export interest: Armenia, Mongolia, Germany, Turkey, Georgia, UAE, Lithuania.
- Countries of long-term export interest: UK, Italy, Finland, France, Switzerland, South Korea, Japan.

In countries of priority and high export interest, the presence of KazakhExport will be provided through its own foreign representatives.

5.6. Strategic initiative 6: Strengthening of the staff and development of human capital for the implementation of the function of the ECA

To achieve strategic goals and target indicators, it is planned to increase the volume of financial support for exporters, expand the regional and foreign presence. In this regard, KazakhExport needs to strengthen the staff so that the lack of labor resources does not become a constraint in the development of KazakhExport.

DIAGRAM № 10. LIST OF DEPARTMENTS REQUIRING STRENGTHENING OF FUNCTIONS.

ESIF Australia	SACE Italy	Sinosure China	Ksure South Korea	KazakhExport
Corporation, Sovereign & Project Finance Compliance External Relation Finance Treasury Corporate Services Credit Economics Portfolio Management SME Organization Execution Client & Business Services Marketing People and culture	Research and Communication Legal and Corporation Affairs HR, organization and IT Planning Administration and Finance Network & Sales Marketing & Underwriting (ad Interim) Risks	Strategy & Investment Nomination & Remuneration Audit Performance and Due Diligence Supervision Financial and Internal Control Supervision Credit Insurance Management Technology Innovation Financial Approval Operation Approval	Audit Planning and Coordination Job creation Administration Treasury Public Relation Business Coordination Management Evolution Underwriting Legal and Compliance Underwriting Legal and Compliance SME Business Maritime Finance Short Term Business Research Digital Innovation Informatization	Internal Audit Service Compliance service Corporate Secretary Information Security Manager Department of Strategy and Economic Planning Department of Accounting Treasury Department Department of Human Resource Management Procurement Department Department of Information Technology Administrative Department Manager Department of Underwriting and Direct Insurance and Reinsurance Department of Legal Support Risk Management Department Actuary Department for International Cooperation Department of Insurance Credit Analysis Department Reinsurance Department Department of Information and Communication Department of Administration of Insurance and Reinsurance Operations Business Intelligence Department Sustainability Manager Economic Security Manager Representative Office in Almaty Functional expansion

Also, within the framework of this initiative, it is necessary to develop the internal competencies of the personnel, which can be achieved, in particular, through the systematic training of KazakhExport employees and the organization of international internships in the ECAs of developed countries. To retain qualified employees, the motivation system should be improved.

KazakhExport needs to conduct a detailed functional analysis as part of this initiative.

5.7 Strategic initiative 7: Business Process Automation

Within the framework of this initiative, the following tasks for the introduction of innovative technologies and automation of business processes are defined:

- Implementation of a digital platform to support exporters;
- Automation of internal business processes;
- Improving the evaluation of exporters' applications (scoring system);
- Improvement of the customer relationship management system (CRM-system).

INTRODUCTION OF A DIGITAL PLATFORM TO SUPPORT EXPORTERS

KazakhExport will provide financial support measures using a digital platform. The portal assumes that the entire range of financial services provided by KazakhExport will be carried out through this resource. The result of the work will be to provide exporters with comprehensive support tools, the possibility of optimizing costs by reducing the number of front office specialists, and reducing the time required to provide financial services to exporters.

AUTOMATION OF INTERNAL BUSINESS PROCESSES

Automation of KazakhExport's internal business processes will help reduce the Company's operating costs, as well as free up human resources for core business. The implementation of this task is planned through the introduction of process management in the organization and new technologies.

As part of the automation of internal business processes, the following activities will be carried out:

1. IT infrastructure of KazakhExport will be upgraded. In particular, the process of preparing financial and management reports submitted to the regulatory authorities and the parent company will be automated; 1C accounting system will be integrated with other information systems of the Company.

2. A unified electronic document management integrated with the Holding and state bodies will be introduced.

3. Internal business processes of KazakhExport will be reviewed. The key indicators for improving business processes will be: increasing efficiency, reducing costs, reducing duration, reducing operational risks, and transparency. Business processes will be optimized and automated, such as personnel, accounting, budget planning and procurement, correspondence with government agencies, etc. as a result, the level of process automation will increase.

IMPROVING EVALUATION OF EXPORTERS' APPLICATIONS

In order to improve the efficiency of operations, KazakhExport should consider the possibility of improving the scoring system for prompt decision-making on the provision of financial services to potential clients. The scoring system will be improved on the basis of a

single information platform. As a result of the implementation of this initiative, KazakhExport will receive the following benefits:

- Speeding up risk assessment procedures for transactions under consideration;
- Minimization of the human factor in decision making;
- Reducing the burden on the company's employees in the process of assessing the risks of transactions under consideration as a result of filtering carried out by the scoring system.

IMPROVEMENT OF THE SYSTEM OF MANAGEMENT OF RELATIONSHIPS WITH CUSTOMERS (CRM-SYSTEM)

In order to ensure effective marketing, sales and customer service, KazakhExport needs to improve its CRM system. As part of this task, the collection, storage and analysis of customer information will be improved.

This task will be based on the following main principles:

1. A client base will be created, that is, a single data warehouse will be formed, where information about interaction with clients will be accumulated;
2. The main channels of interaction with clients will be an information platform for filing applications, a corporate website and a single contact center;
3. The results of the analysis of the collected information about clients will be used to make appropriate management decisions, for example, on expanding the presence in certain regions, on allocating funds for demanded financial instruments, etc.

As a result of the implementation of this initiative, KazakhExport will receive the following benefits:

- Increasing customer satisfaction;
- Possibility of early identification of risks and potential opportunities.

5.8. Strategic initiative 8: Increasing awareness and awareness of KazakhExport

It is necessary to increase the recognition of KazakhExport and awareness of the services provided by the Company through systematic and active PR, including in the regions and abroad. To do this, KazakhExport needs to develop its own PR and communication policy based on the PR Strategy of Baiterek National Managing Holding JSC for 2022-2023, and systematically engage in this area of work. In order to increase the recognition of KazakhExport, it is necessary to:

- 1) ensure regular information and discussion with direct target audiences of the main activities of KazakhExport;
- 2) increase the activity of the public affairs of the head of the Company in the media and social networks, on the platform «Open Dialogue» on various information occasions;
- 3) visual information, brand recognition, logo and other constituent elements of the image of any organization are an important indicator of communications with target groups. It is necessary to increase the recognition of the KazakhExport logo through:
 - use of the logo in the texts of press releases and announcements, reference materials distributed among the media;
 - placement of the logo on the corporate Internet resource and social networks;
 - use of the logo in all branding materials and branding products.
- 4) communicating to the public and clients information about the tools and principles of work, about the socio-economic effect achieved, including disclosure of information about the impact of KazakhExport activities on the growth of the country's manufacturing exports and the benefits of services for clients;
- 5) strengthening the business reputation of KazakhExport;

6) activation of information work at the regional level;

To accomplish these tasks, it is necessary to use the capabilities of modern information technologies, traditional means of communication and social networks.

KazakhExport can carry out PR activities through the following channels:

- Mass media such as television, press, internet media and radio;
- Printed advertising, in particular booklets, banners and branded products;
- KazakhExport corporate website;
- Corporate website of Baiterek Holding;
- Social media;
- Videos;
- Digital promotion.

This direction is of fundamental importance for KazakhExport, since the awareness of potential customers about the Company's activities and the trust of counterparties in it is a necessary condition for achieving the strategic goals of KazakhExport.

The KazakhExport Internet resource is KazakhExport's own platform for communicating with target audiences and is a source of information regarding:

- 1) organizational structure of KazakhExport;
- 2) the main activities of KazakhExport;
- 3) ongoing state programs and opportunities to participate in them;
- 4) projects and services, tools and principles of work of KazakhExport;
- 5) results of financial and operating activities of KazakhExport;
- 6) communication with target groups through feedback services - «Question and Answer», personal blog of the Chairman of the Board of KazakhExport;
- 7) other information of interest to interested parties (suppliers, job seekers, etc.).

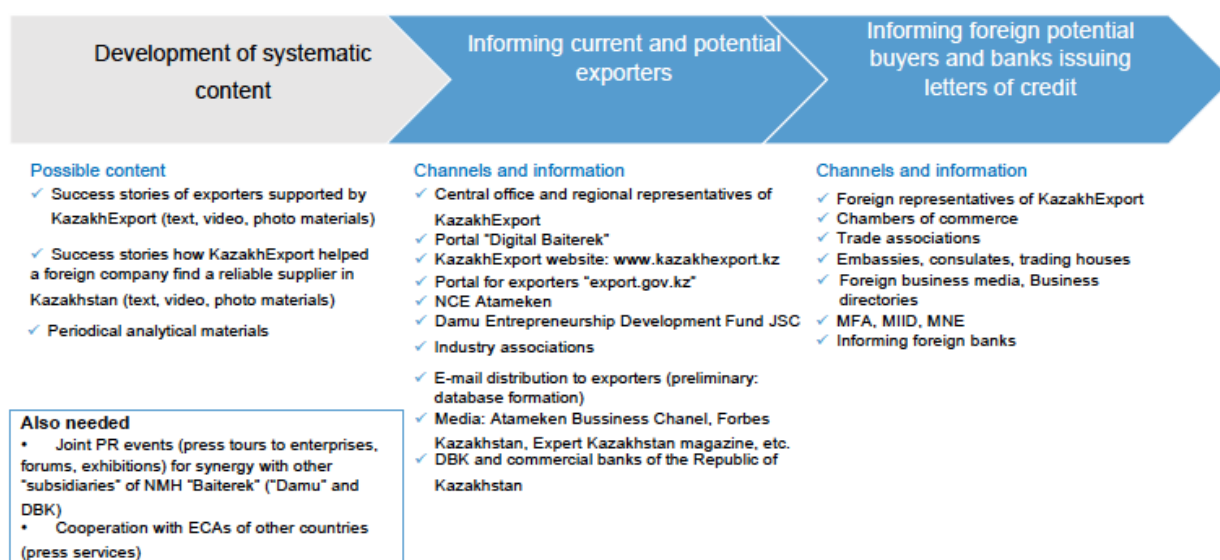
For the purposes of the above tasks, it is necessary to increase the efficiency and functionality of the Internet resource, introduce the systematic generation of useful content for representatives of target audiences, and increase the number of visitors.

The tool for the implementation of this strategic initiative is the development and implementation of the Basic (annual) and monthly (event) media plans, monitoring and control over their quality and timely execution, as well as daily monitoring of the media and social networks, taking into account the tone of information materials on the activities of KazakhExport (positive, neutral, negative), as a result of which approaches to information work can be adjusted.

At the same time, in order to carry out effective PR activities, it is necessary to solve the following three tasks:

1. Development of systematic content;
2. Informing existing and potential exporters;
3. Informing foreign potential buyers and issuing banks of the letter of credit, as well as informing international financial institutions.

DIAGRAM № 11. TASKS TO BE EXECUTED WITHIN THE FRAMEWORK OF IMPLEMENTATION OF EFFECTIVE PR ACTIVITIES.



5.9. Strategic initiative 9: Commitment to the principles of sustainable development in the activities of KazakhExport

KazakhExport is aware of the importance of its impact on the economy, the environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of KazakhExport.

KazakhExport strives for profitability, ensures sustainable development, maintains a balance of interests of stakeholders.

When implementing the objectives in the field of sustainable development, KazakhExport adheres to the main provisions of its Development plan, as well as international norms of conduct and principles enshrined in international standards in the field of sustainable development. The society integrates the principles of sustainable development into key processes.

KazakhExport ensures the consistency of its economic, environmental and social goals for sustainable development in the long term. Sustainable development in KazakhExport consists of three components: economic, environmental and social.

The economic component directs the activities of KazakhExport to the profitability of its activities, ensuring the interests of the Sole Shareholder and investors, increasing the efficiency of processes, increasing investment in the creation and development of more advanced technologies, and increasing labor productivity.

The environmental component contributes to minimizing the impact on biological and physical natural systems, the optimal use of limited resources, the use of environmentally friendly, energy and material-saving technologies.

The social component is focused on the principles of social responsibility, which, among other things, include ensuring labor safety and maintaining the health of employees, fair remuneration and respect for the rights of employees, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational promotions.

6. KPI EFFICIENCY TARGETS

For the purpose of performance evaluation, the Company will monitor and analyze the achievement of its goals on a regular basis by using the following performance indicators (see Table No. 6).

TABLE № 8. KEY PERFORMANCE INDICATORS

№	Key Performance Indicator	Units. Measurement	Calculation methodology	Target value for 2023
STRATEGIC DIRECTION 1. IMPROVING EXPORT SUPPORT TOOLS				
1	Volume of insurance liabilities	billion tenge	The sum insured under the Insurance and Incoming Reinsurance Contracts concluded (including additional agreements on extended insurance and incoming reinsurance contracts) in the reporting period, expressed in foreign or national currency.	302
2	Volume of pre-export and export-trade finance provided	billion tenge	The amount of pre-export and export-trade financing provided through bank deposits	14
3	Amount of export contracts	billion tenge	The totality of the amounts specified in the text of export contracts (specifications, appendices) and additional agreements of exporters using the support tools of KazakhExport ESC JSC in the reporting period.	873
4	Number of export contracts	stake.	The number of export contracts taken into account when calculating the amounts of export contracts of exporters using the support tools of JSC «ESC «KazakhExport» in the reporting period.	403
5	The volume of export earnings by enterprises using the support tools of KazakhExport EIC JSC*	billion tenge	The amount of export revenue of enterprises in the reporting period that received export support in the form of insurance for two groups of instruments, for each of which a special approach is used to calculate export revenue*	364
STRATEGIC DIRECTION 2. CREATING CONDITIONS FOR INCREASING THE NUMBER OF EXPORTERS				
6	Number of exporters who received the support of KazakhExport EIC JSC for the first time»	stake	The number of Exporters who received the Company's support for the first time in the reporting period.	25
STRATEGIC DIRECTION 3. OPERATIONAL EXCELLENCE				
7	Number of employees in enterprises supported by KazakhExport EIC JSC	person	The volume of export revenue of enterprises using the support tools of KazakhExport ESC JSC, divided by the indicator «Labor productivity in export-oriented manufacturing enterprises».	8 101
8	ROA, %	%	Profit for the year (net) divided by the average value between the volumes of assets at the end of the previous period and at the end of the current period.	not less than 1

* for KazakhExport, the amount of export earnings is calculated separately for two groups of instruments, for each of which a special approach for calculating export earnings is applied:

1) For the first group of instruments, the approach of summing up the total export earnings of supported enterprises for the reporting year is applied: «Loan insurance», «Project financing insurance», «Leasing insurance», «Exporter's non-legal insurance on bonds», «Exporter's non-legal insurance on foreign exchange transactions», «Insurance of Guarantees», «Insurance of the exporter's GPO for the return of advance payments», «Insurance of the GPO against financial organizations», «Insurance of losses of financial organizations».

2) For the second group of instruments, the approach of summing up export earnings of supported enterprises within the limits of accepted insurance liabilities under insurance contracts for the reporting year is applied: «Export credit insurance», «Letter of credit insurance», «Insurance of short-term receivables», «Factoring insurance», «Insurance of the Exporter's losses related to the performance of works/provision of services», «Insurance of bank guarantees issued by a foreign bank», «Insurance of a credit organization in case of financing by a foreign counterparty».

Note: The list of instruments listed in the above two groups may be supplemented as new KazakhExport instruments are developed in the relevant KazakhExport internal regulatory document.

If the Exporter receives the Company's support for the First and Second group of instruments, foreign exchange earnings are calculated for the First group of the Company's support instruments.

Strategic map of the KazakhExport EIC JSC

First-level document system of state planning (hereinafter referred to as the CST)	Second Level CST Document	KPI of JSC «NMH «Baiterek»	Efficiency of KAZAKHExport ESC »
1	2	3	4
Consolidated KPIs of Baiterek NMH JSC to ensure the promotion of sustainable development of the economy of the Republic of Kazakhstan			
National Development Plan of the Republic of Kazakhstan until 2025: 1) growth of the loan portfolio to the indicator of the loan portfolio from 2019;		1) the share of the loan and investment portfolio from the total assets of Baiterek NMH JSC;	
		2) the share of non-state sources of borrowing in the total structure of borrowing for the reporting year;	
		3) ROA (consolidated);	1) ROA
		4) the share of the private sector in the loan portfolio;	
		5) customer satisfaction;	
		6) corporate governance rating;	
		7) rating of sustainable development;	
Strategic direction 1. Entrepreneurship support			
National Development Plan of the Republic of Kazakhstan until 2025: 2) GDP per capita in nominal terms; 3) growth of labor productivity; 4) the share of medium-sized businesses in the economy; 5) investments in fixed assets; 6) the volume of non-primary exports of goods and services; (7) gross inflows of foreign direct investment;	National project «Sustainable economic growth aimed at improving the well-being of Kazakhstanis»: 1) increase in production volumes and expansion of the range of goods of the manufacturing industry; 2) the share of non-primary exports in the total volume of foreign trade; 3) increase in the number of active exporters to 1 000, with accumulation.	8) the volume of revenues of enterprises that received support from Baiterek NMH JSC (for the year); 9) the volume of export earnings of enterprises supported by Baiterek NMH JSC (for the year); 10) the coefficient of attracted investments in the Republic of Kazakhstan to the unit of funds of Baiterek NMH JSC;	2) Volume of pre-export and export-trade financing provided 3) Volume of export earnings by enterprises using support tools of KazakhExport ESC JSC 4) Number of exporters who received the support of KazakhExport ESC JSC for the first time 5) Volume of insurance liabilities assumed 6) Amount of export contracts 7) Number of export contracts

	<p>National Entrepreneurship Development Project:</p> <p>1) the number of business entities that have received financial support measures.</p>		8) Number of employees in enterprises supported by KazakhExport ESC JSC
Strategic direction 2. Development of agro-industrial complex			
<p>National Development Plan of the Republic of Kazakhstan until 2025:</p> <p>3) growth of labor productivity;</p> <p>4) the share of medium-sized businesses in the economy;</p> <p>5) investments in fixed assets;</p> <p>6) the volume of non-primary exports of goods and services;</p> <p>(7) gross inflows of foreign direct investment;</p>	<p>National project for the development of the agro-industrial complex:</p> <p>1) an increase due to the growth in the volume of subsidies for the purchase of agricultural machinery by 1.5 times;</p> <p>2) the number of implemented investment projects in the agro-industrial complex;</p> <p>3) increase in labor productivity to 6.2 million tenge per person employed in agriculture;</p> <p>4) increase in exports of agricultural products to 6.6 billion dollars. USA with bringing the share of processed products to 70%.</p>	<p>9) the volume of export earnings of enterprises supported by Baiterek NMH JSC (for the year);</p> <p>11) the volume of investments in fixed assets in the agricultural sector (per year):</p> <ul style="list-style-type: none"> - in agriculture; - in the food industry; <p>12) the volume of leasing of agricultural machinery and equipment (per year);</p>	3) Volume of export earnings by enterprises using support tools of KazakhExport ESC JSC
Strategic direction 3. Housing for the population			
<p>National Development Plan of the Republic of Kazakhstan until 2025:</p> <p>8) housing affordability</p>	<p>National project «Strong regions are the driver of the country's development»</p> <p>1) the total area of commissioned residential buildings.</p>	<p>13) contribution of Baiterek NMH JSC to the construction of affordable housing in the Republic of Kazakhstan (per year).</p>	

**Note: Explanation of abbreviations used in the text
of the Development plan**

STB - second-tier banks;

KazakhExport – the KazakhExport Export Insurance Company Joint Stock Company;

LEA - local executive bodies;

NCE – the Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan

Holding- the Baiterek National Managing Holding Joint-Stock Company