

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Partners and Colleagues!

The agro-industrial complex is one of essential sectors of the economy, which contributes to national security through the formation of the country's food security, facilitates sustainable development of Kazakhstan, and also greatly affects the improvement of living standards of the population.

Sustainable and stable development of the AIC sector depends on labor productivity. Meanwhile, access to state-of-the-art equipment is a crucial factor for productivity growth.

In the current realities, the most obvious and efficient way for agricultural workers in Kazakhstan to get qualitative equipment is lending through leasing of agricultural machinery. In view of the high demand, the government gives considerable support in the form of subsidies for leasing agricultural machinery and equipment.

At present, KazAgroFinance holds a leading position in the AIC leasing market and is a key financial institution which for 20 years has been providing machinery and equipment on lease on affordable and favorable terms. The company has demonstrated excellent results in all areas

of its business once again. At the year-end 2019, the indicators of return on assets and equity were implemented by more than 100%. This was due to the growth in incomes and reduction of expenses. The net income amounted to 9.2 billion KZT. As compared to the previous period, the volume of leasing in 2019 increased by 56.4%. The customer-focused standards that have been implemented by the Company since 2017 contributed to the positive dynamics of service availability level. Thus, according to an independent research, the overall satisfaction with the services of the Company in 2019 totaled 92%.

Improvements in the level of corporate governance are at the forefront of the effective performance of the Company and strengthening its reputation. The Company's corporate governance level in 2019 reached 89% against the target of 85%. An integrated and comprehensive evaluation of the work of the Board of Directors and its members proved its effectiveness and compliance with legal requirements and international practices. In view of the government policy focus on upgrading the technical equipment of the agricultural sector, a new Development Strategy for 2020-2029 was adopted by

Growth in the leasing portfolio volume

56.4%

the Company, which implementation will enable an increase in the volume of leasing of agricultural machinery and equipment, improvement in service delivery and enhancement of the Company's business efficiency.

The first focus area of the new Strategy is the promotion of competitive ability of the agro-industrial complex through technical and technological equipment. Apart from that, the work on annual increase of machinery leasing volume, as well as of export potential and labor productivity in the AIC sector will be continued.

The growth in performance efficiency of KazAgroFinance JSC is chosen as the second strategic area. As part of this area, the Company will work towards maintaining the level of profitability of its activities, including through enhanced efficiency of equity and asset management, improved quality of the loan portfolio, and upgraded system for monitoring of funded projects. Improvement of the corporate governance system and increase of transparency of the Company's activities, as well as the further evolvement of the risk management system and staff policy will be continued.

As the result, the Strategy implementation will allow to increase the volume of agricultural machinery and equipment leasing by 2029 by 1.6 times (from 75 to 120 bln KZT), labor productivity under funded investment projects - by 1.4 times (from 3.3 mln KZT to 4.5 mln KZT per employee), and the volume of products export under projects funded by the company - by 1.4 times (from 23.5 to 36 mln USD).

KazAgroFinance, by exploiting its existing competitive advantages and adopting new customer-centric approaches, will gain the loyalty of its current customers and attract new ones, while the operational efficiency will ensure sustainable long-term development. I am confident that due to the measures taken, the Company will be able to contribute significantly to the support of domestic agrarians and keep holding leading positions in the future.

YERBOL KUANYSHEVICH TASZHUREKOV



*Chairman of the Board of
Directors of KazAgroFinance JSC*