



ANNUAL REPORT 2024

A NEW LEVEL OF TRUST



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A NEW LEVEL OF TRUST

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REPORT CONCEPT

“A New Level of Trust” is not just a reflection of our growth, it is a symbol of the path we are taking together with our clients. In 2024, KMF took a significant step — 2024 became the starting point for KMF’s transformation into a commercial bank. Today, we are ready for new challenges, new objectives, and new horizons. We are rising because we are trusted. This means we are moving in the right direction.

All photos used in this report are authentic images capturing employees, clients, and the daily activities of the Company. These images reflect the real life of KMF and our mission — to provide the best microfinance for the prosperity of our clients.



Scan the QR code to access other reports of the Company

Message from the Chairperson of the Board of Directors

Dear Clients, Partners, Investors and Colleagues!

I present to your attention the 2024 Annual Report of KMF Microfinance Organization. It reflects not only our financial results but also our contribution to sustainable development, social responsibility, and corporate governance.

The past year has been a period of major transformation for KMF. We completed the process of reorganization into a joint-stock company, taking an important step towards obtaining a banking license. This transition opens up new prospects for the further development of the Company, strengthening its market position and improving the level of service for customers.

Today, KMF confidently occupies a leading position in the microfinance market of Kazakhstan. At the end of the year, our share in the total loan portfolio of MFOs was

18.2%. At the same time, we remain an important partner for the agricultural sector: 34.7% of the portfolio is directed towards supporting agricultural enterprises.

The year 2024 was marked by the expansion of our international cooperation. The Company attracted financing from the Japan International Cooperation Agency for the first time, continued its cooperation with the EBRD and IFC, and the international agency Fitch Ratings confirmed KMF's rating at "B+" with a "stable" outlook. The national rating was also confirmed at "BBB (kaz)".

We pay special attention to sustainable development issues. At the end of 2024, the Sustainable Development Strategy of KMF integrated into our corporate strategy until 2027, was approved. Environmental, social, and governance (ESG) aspects are becoming an integral part of our business model and contribute to creating additional value for all stakeholders.

I would like to thank our employees for their professionalism and commitment, and our customers and partners for their trust. I am confident that through our joint efforts, we will continue to move forward steadily, maintaining our leadership and strengthening our contribution to the sustainable future of the country.

**Best regards,
Chairperson of the Board of Directors
"Microfinance Organization "KMF" JSC
Gulnara SHAMSHIYEVA**



Message from the CEO

Dear Shareholders, Clients and Partners!

The 2024 Annual Report of KMF reflects our growth dynamics and achievements. We are closing the reporting period with stable financial results. The balance sheet value of assets grew by 16.6% and amounted to 336.3 billion tenge. The loan portfolio reached 270.0 billion tenge, and equity increased to 62.7 billion tenge.

KMF has traditionally demonstrated stable growth thanks to its balanced strategy and responsible approach to business. Net interest income increased by 2.5% to 58.2 billion tenge, and net profit reached 11.0 billion tenge. We maintain effective profitability indicators: return on assets is 3.5% and return on equity is 19.1%.

Key events of the year include the conclusion of a loan agreement for 50 million USD with the Japan International

Cooperation Agency (JICA), 25 million USD in financing from the EBRD to support women's entrepreneurship, the placement of bonds on the KASE worth 20 billion tenge, and the signing of a strategic partnership with Kazpost JSC.

2024 marked the starting point for KMF's transformation into a second-tier (commercial) bank. On May 30, the organizational and legal form was changed to a joint-stock company, and in August, the General Meeting of Shareholders approved the Charter and business plan of the future Bank in accordance with the procedures established by the legislation of the Republic of Kazakhstan. In March 2025, permission to transform into a bank was received from the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market. All of these are important steps towards expanding opportunities for our customers.

Today, we are building KMF as a modern digital financial institution that is open to innovation and focused on technology, scalability, and sustainable development. We continue to actively invest in processes, technologies, and teams to justify the trust of our customers and partners and fully meet their expectations.

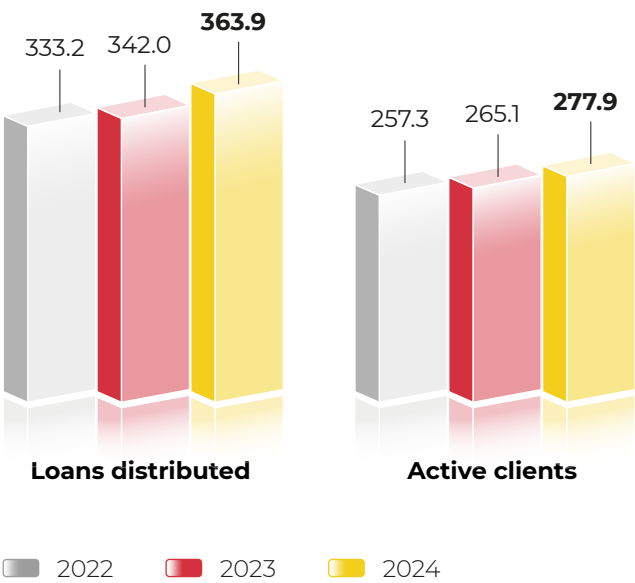
Thank you for your trust and support. Together, we are confidently moving toward new achievements and strengthening KMF's position in the financial services market of Kazakhstan.

Best regards,
CEO Microfinance Organization «KMF» JSC
Shalkar ZHUSSUPOV

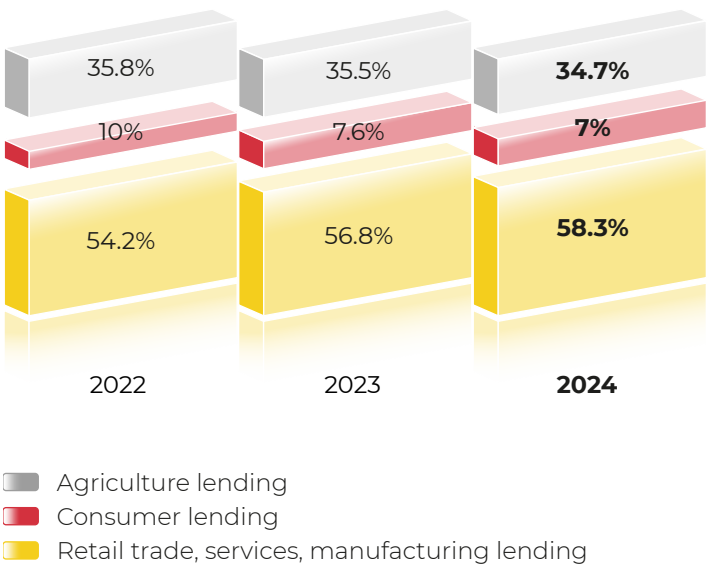


Key Performance Indicators

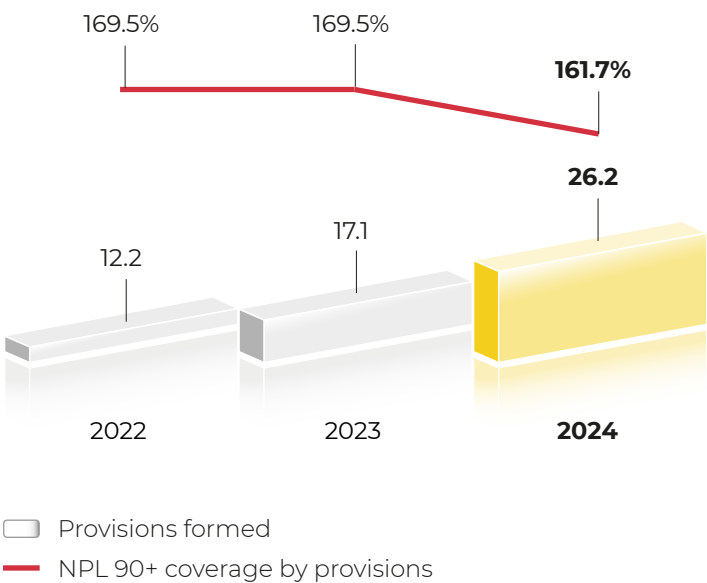
NUMBER OF ACTIVE CLIENTS AND LOANS DISBURSED
in thousand at period-end



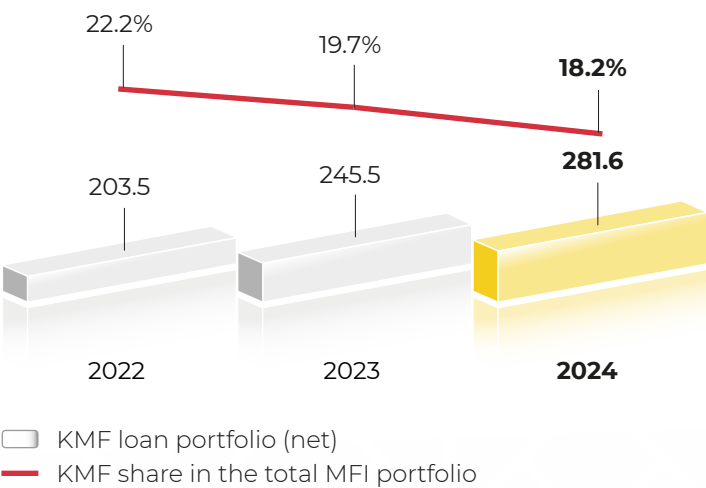
STRUCTURE OF THE LOAN PORTFOLIO, BY LENDING TYPES, at period-end



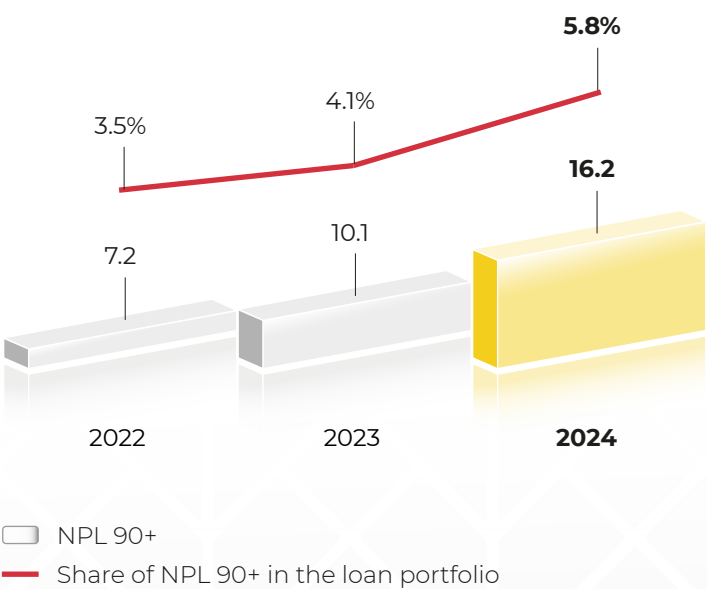
PROVISIONING LEVEL
billion tenge at period-end



LOAN PORTFOLIO
(including reverse repo transactions) and market share,
billion tenge at period-end

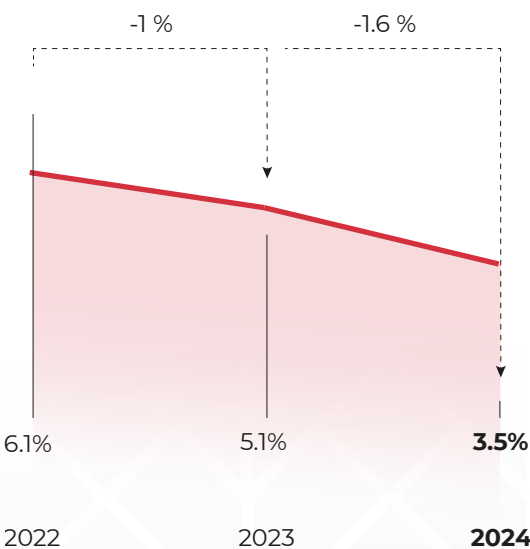


PAR90+
billion tenge at period-end

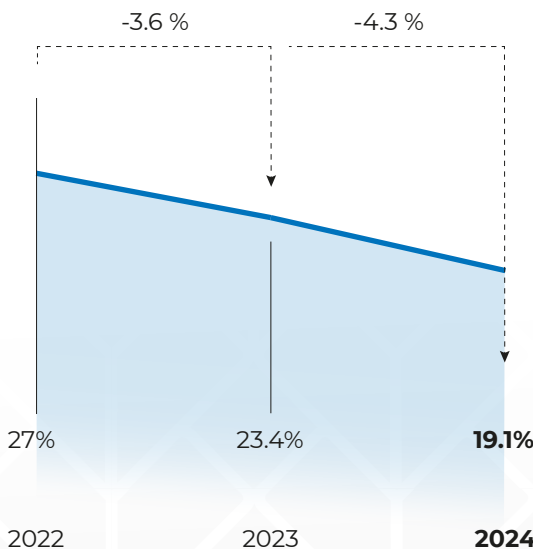


DYNAMICS OF PROFITABILITY INDICATORS

ROA



ROE



Source: KMF, NBK





Landmark Events of the Reporting Year



01 – FEBRUARY ↗

- ♥ KMF signs an agreement with the Japan International Cooperation Agency (JICA) for a loan of 50 million USD to finance micro and small businesses.



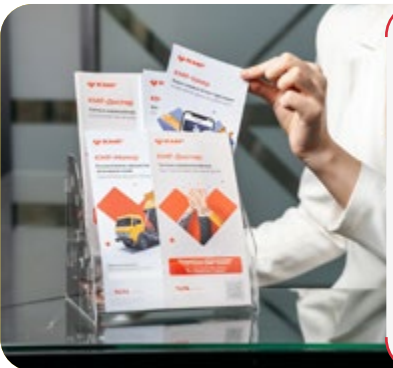
02 – MARCH ↗

- ♥ The KMF Supervisory Board decides to raise 40 billion tenge on the stock market as part of its planned reorganization into a commercial bank.



03 – MAY ↗

- ♥ At the EBRD Business Forum held in Yerevan on May 15, the EBRD and KMF sign two agreements under which the EBRD will provide 25 million USD to finance women entrepreneurs and youth in business;
- ♥ KMF places coupon bonds worth 20 billion tenge on the KASE with a maturity of 360 days and a coupon rate of 17.75% per annum;
- ♥ KMF and Kazpost JSC sign a partnership agreement under which microloans of up to 3 million tenge can be obtained at Kazpost outlets;
- ♥ **On May 30, KMF completes the process of transforming into a joint-stock company.**



04 – JULY ↗

- ♥ The Youth in Business program is launched in partnership with the EBRD;
- ♥ **A Strategic Development and ESG Committee is established under the Board of Directors.**



05 – AUGUST ↗

- ♥ The international rating agency Fitch Ratings confirms KMF's rating at "B+" and "BBB (kaz)" with a "stable" outlook;
- ♥ As part of strengthening the principles of responsible financing and in accordance with updated regulatory requirements, the Company revises the remuneration rates for a number of microcredit products, thereby ensuring greater transparency and sustainability of financial services for its customers.



06 – SEPTEMBER ↗

- ♥ KMF signs a loan agreement with the International Finance Corporation (IFC) for 50 million USD, which will be used to finance businesses in rural areas.



07 – OCTOBER ↗

- ♥ The KMF Isker Hanymy 2024 award ceremony is held.



08 – DECEMBER ↗

- ♥ The terms of lending are revised to increase the attractiveness of the Company's products and strengthen its competitive position in the market;
- ♥ The Niyet Online product is launched through personal managers in the branch network, which allows for significant expansion of the customer base.



ABOUT COMPANY



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Company Profile

GRI 2-1, 2-6

“Microfinance Organization “KMF” JSC (the “KMF”, “Company”) is the longest-standing MFI in Kazakhstan and the undisputed flagship of the Kazakhstani microfinance market for many years. The company is focused on financing micro and small businesses mainly in rural areas, as well as women entrepreneurship. Since its foundation, KMF has invested over 1.8 trillion tenge in Kazakhstan’s economy, disbursing over 3.4 million loans mainly in rural areas.

KMF was established in 1997 under the name of “Kazakhstan Loan Fund”. On January 5, 2015, “KazMicroFinance” MCO LLC underwent the re-registration procedure in the justice authorities and changed its name to “KMF Microfinance Organization LLC”. On February 6, 2023, the General Meeting of Participants of the Company decided to change its legal form from a limited liability company to a joint-stock company. The procedure of re-registration of the Company and its transformation into a joint-stock company was completed on May 30, 2024.

In 2024, a decision was made to transform KMF from a microfinance organization into a second-tier bank (STB, commercial bank). In August 2024, the General Meeting of Shareholders approved the charter of KMF Bank JSC (the proposed name of the Company after its transformation into a commercial bank) and a three-year business plan for the period following the Company’s

transformation into a bank. In March 2025, KMF received permission from the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market to transform into a bank.

KMF has an extensive branch network, which as of the end of the reporting year included 17 branches and 120 outlets in the territory of the Republic of Kazakhstan. Branches are located in the cities of Almaty, Astana, Aktobe, Zhezkazgan (Ulytau), Karaganda, Kokshetau, Kostanay, Kyzylorda, Pavlodar, Petropavlovsk, Semey, Taldykorgan, Taraz, Turkestan, Ust-Kamenogorsk, Uralsk and Shymkent.

The Company has received international recognition as a socially oriented company, acting in accordance with the principles of client protection, which allowed it to establish fruitful cooperation with international development institutions. Our partners include IFC, EBRD, OeEB, SIFEM, Proparco, ADB, EIB.

The Company’s partners also include the reputed foreign organizations engaged in microfinance: responsAbility, Triodos, Triple Jump, Incofin, DWM, BlueOrchard, Symbiotics, Frankfurt School.

A priceless contribution to the development of the Company was also made by Kazakhstani financial organizations, such as Altyn Bank, Halyk Bank, ForteBank, as well as DAMU Entrepreneurship Fund.

HISTORY OF THE COMPANY

In 1996, within the framework of an international project for developing microcrediting in Kazakhstan, a decision was made to create “Kazakhstan Community Loan Fund” non-for-profit corporate fund, which started operating on November 20, 1997. Initially, Kazakhstan Community Loan Fund disbursed unsecured short-term microloans in the amount of 7500 tenge (approximately 100 USD at the exchange rate as of the end of 1997), which were backed by group and several joint liabilities.

In March 2003, Kazakhstan adopted the Law “On Microcredit Organizations”¹, which became the basic legal act to regulate microfinance in Kazakhstan. In order to align its legal status with the new regulatory requirements, in 2004 Kazakhstan Community Loan Fund was re-registered as Kazakhstan Loan Fund microcredit organization (KLF), which continued to be non-commercial in nature.

Further development of Kazakhstan Loan Fund, including in terms of expanding opportunities for attracting additional debt financing, required a transition to a commercial format. In November 2006, KLF founded a subsidiary commercial organization KazMicroFinance MCO LLC, and in 2007 KLF transferred all core microlending activities, loan portfolio, fixed assets and liabilities to KazMicroFinance MCO LLC. In 2008, by the decision of ACDI / VOCA, Kazakhstan Loan Fund changed its name to KMF-Demeu.

In connection with the enactment in November 2012 of the Law “On Microfinance Organizations”², on January 5, 2015, KazMicroFinance MCO LLC was re-registered in the justice authorities and changed its name to KMF Microfinance Organization LLC.

On May 30, 2024, the Company underwent re-registration and changed its legal form to a joint-stock company.



¹ Law of the Republic of Kazakhstan dated March 6, 2003 No.392. Ceased to be in force by virtue of the Law of the Republic of Kazakhstan dated November 26, 2012 No. 56-V “On microfinance activities”.
² Law of the Republic of Kazakhstan No. 56-V dated November 26, 2012, “On Microfinance Activities”



LANDMARK EVENTS IN THE HISTORY OF KMF

- 1997

♥

Registration of Kazakhstan Community Loan Fund on November 20, 1997 and opening of an outlet in Taldykorgan. Disbursement of the first loans to 21 residents of the city.
- 1998

♥

Number of Kazakhstan Community Loan Fund's clients increased to 1000 people;

♥

The first issue of "Isker" customer edition was published.
- 1999

♥

Adoption of the first three-year strategy of the Company, which defined the mission and key strategic goals, as well as captured the decision to scale KLF's activities in Kazakhstan.
- 2000

♥

Opening of a branch in Shymkent.
- 2001

♥

Opening of a branch in Almaty;

♥

Adoption of the methodology of individual micro-lending.
- 2002

♥

The Company celebrated its fifth anniversary. The number of clients reached 4487 people, and the loan portfolio increased to 217.5 million tenge;

♥

Adoption of the methodology of micro-lending for consumer purposes.
- 2003

♥

Opening of branches in Turkestan and Taraz, opening of the first office in a regional center;

♥

The Company received its first financial rating from M-Crill international rating agency (India) with the highest score.
- 2004

♥

Kazakhstan Community Loan Fund was transformed into a non-for-profit microcredit organization Kazakhstan Loan Fund;

♥

M-Crill rating agency affirmed the Company's rating
- 2005

♥

Opening of a branch in Astana;

♥

Adoption of the methodology of micro-lending for agricultural producers.
- 2006

♥

Kazakhstan Loan Fund established a subsidiary commercial organization KazMicroFinance MCO LLC. All clients and employees of KLF were transferred to a new organization;

♥

Opening of branches in Kostanay and Kyzylorda.

♥

World Bank's Mix Market informational platform gave KazMicroFinance MCO LLC the highest score – "Five Diamonds". The Company ranked third in Mix Market's rating in terms of loan portfolio quality among the top 100 MFIs in the world.
- 2007

♥

The US financial and economic magazine Forbes included KazMicroFinance MCO LLC in Top 50 MFIs in the world, where the Company ranked 37th.
- 2008

♥

By decision of the founder – ACDI/VOCA non-for-profit corporation – KLF was transformed into KMF-Demeu Corporate Fund.
- 2009

♥

USAID recognized KazMicroFinance MCO LLC the best organization in Kazakhstan in the field of economics and presented the Company an award "For effective management and leadership in financial inclusion for micro-entrepreneurs";

♥

KazMicroFinance MCO LLC changed its corporate style: the short "KMF" logo began to be used both in external and internal design.

- 2010

♥

Branches were opened in Ust-Kamenogorsk, Kokshetau, Pavlodar, Semey;

♥

The international non-for-profit organization Center for Financial Inclusion recognized the Company as the best MFI as part of the Smart Campaign initiative and awarded it "For success in protecting the client rights".
- 2011

♥

A branch was opened in Aktobe;

♥

By the decision of the General Meeting of the Founders of the Company in 2011, the Supervisory Board was formed at KazMicroFinance MCO LLC, which included qualified and experienced professionals.
- 2012

♥

The Company celebrated its fifteenth anniversary: by November 2012, KMF's loan portfolio reached 12 billion tenge.
- 2013

♥

A branch was opened in Uralsk;

♥

The Company, together with KMF-Demeu corporate fund, launched a project to improve the financial literacy of the population of Kazakhstan. The initiative involves distributing free brochures with lessons and holding informational and educational meetings for borrowers at the Company's offices. Lessons were also available in Kazakh and Russian on the website of KMF-Demeu Fund.
- 2014

♥

A branch was opened in Petropavlovsk;

♥

The Company raised international capital investments in the amount of 13.6 million USD. The largest international funds responsAbility Management Company S.A., responsAbility SICAV (Lux), Triodos Custody B.V., TRIODOS SICAV II became the Company's participants.

♥

A unique tablet solution has been created for credit experts, allowing them to quickly conduct scoring assessments and make decisions on applications from business and agricultural clients directly at their place of business. This tool has become a significant step in improving the accessibility of financing and digitizing processes, and has significantly increased the speed of customer service.
- 2015

♥

The Company became the first in Kazakhstan and the 31st in the world to receive the Smart Campaign certificate, which confirms the compliance of the Company's business processes and policies with the principles of social protection of clients;
- 2016

♥

In accordance with changes in the legislation, the Company was re-registered as an MFI and began to bear the name "KMF Microfinance Organization LLC";

♥

The Company began cooperation with the EBRD under the "Women in Business" project to provide loans to women-entrepreneurs;

♥

The Company began cooperation with Damu Entrepreneurship Development Fund in three areas of lending to microentrepreneurs: direct financing, providing funds under a guarantee and providing funds as an operator of state programs.
- 2017

♥

KMF celebrated its twentieth anniversary: the Company's loan portfolio exceeded 80 billion tenge, and the number of borrowers surpassed 200 thousand people. Over 20 years of its operation, the Company has disbursed a total of 1.7 million microloans in the amount of over 560 billion tenge;

♥

KMF organized the first international conference in Kazakhstan on financial literacy of the population.
- 2018

♥

The Company received the largest syndicated loan in the history of the MFI market in the amount of 44 million USD from the International Finance Corporation (IFC), which is a member of the World Bank Group.
- 2019

♥

KMF received the first syndicated loan from the EBRD in Kazakhstan in the amount of 50 million USD to finance micro, small and medium-sized enterprises;

♥

KMF became a finalist of the prestigious European Microfinance Award 2019, entering the top three MFIs in the world with the "Mobile Expert" project;

- 2020

KMF received a 40 million USD loan from the EBRD in tenge equivalent to support Kazakh entrepreneurs during the COVID-19 pandemic;

A mobile application for customers was launched, the number of users of which by the year-end exceeded 150 thousand;

A borrower support program that covered dozens of thousands of clients was developed and successfully implemented;

KMF received an award from the EBRD for success in the adoption and implementation of sustainable development projects in the field of gender and economic integration;

KMF, having received a 5 million USD credit facility in tenge equivalent, became the first Kazakhstani partner of the EBRD under the “Green Finance” program.
- 2021

The company raised 10 billion tenge on the securities market by placing two bond issues on KASE with a coupon rate of 13% and a two-year maturity;

The company launched a car loan program through a partner network of dealership centers;

An automated scoring of all applications from loan officers was launched;

The first KMF Isker Hanymy 2021 award ceremony to support women’s entrepreneurship was held. The award ceremony is annual;

The international agency Fitch Ratings assigned the Company a long-term issuer default rating of ‘B+’ with a ‘Stable’ outlook.
- 2022

Launch of the updated mobile application “KMF MFI”

Launch of a new release of the front-office employee solution – a mobile employee application that has become even more technologically advanced, containing all the necessary scoring rule parameters and allowing credit decisions to be made directly at the customer’s place of business, which significantly speeds up service and improves the customer experience;

Launch of a new product, “Loans for Specialized Equipment for Small and Medium-Sized Businesses,” aimed at supporting businesses in the purchase of specialized and agricultural equipment – KMF-Motor, which provides entrepreneurs with the opportunity to expand and modernize their businesses without the need to immediately secure the full cost of the equipment;

KMF and KMF-Demeu corporate fund made 2 million USD capital investment to MOST Venture Fund;

Opening of branches in Aralsk and Urzhar, as well as in Zhetysay district of Turkestan region;

Fitch Ratings affirmed KMF’s long-term issuer default rating at ‘B+’ / outlook ‘Stable’;

KMF signed a 15 million USD loan agreement with the Asian Development Bank to expand financial inclusion for micro, small and medium-sized enterprises in Kazakhstan;

KMF signed a 25 million USD loan agreement with the EBRD for lending to SMEs led by women;

Holding an agricultural forum dedicated to the 25th anniversary of KMF in the village of Zhanakorgan, Kyzylorda region, with the support of KMF_Demeu Corporate Fund;

Opening of a smart office in Almaty;

Release of the book “25 Customer Stories” in honor of the 25th anniversary of the Company.

- 2023

Orda outlet was opened in Kyzylorda;

The Company started transition to IT-solutions of Colvir Software Solutions as part of the plan to automate business processes and transform into a bank;

Launch of loyalty program “KMF-Qurmet”;

KMF was awarded “The Best Financial Partner for Financing Micro-Businesses and SMEs” by the EBRD;

KMF became a sponsor of a large-scale exhibition of Kazakh producers Ulttyq Onim 2023;

Holding agro-forums in Taraz, Saryagash and Shieli village;

Launch of a joint project of KMF and OLX to enable marketplace clients to obtain microloans online.
- 2024

KMF signed an agreement with the Japan International Cooperation Agency (JICA) for a loan of million USD to finance micro and small businesses.

The KMF Supervisory Board decided to raise 40 billion tenge on the stock market as part of its planned reorganization into a commercial bank.

At the Business Forum held in Yerevan on May 15, the EBRD and KMF signed two agreements under which the EBRD will provide 25 million USD to finance women entrepreneurs and youth in business;

KMF placed coupon bonds worth 20 billion tenge on the KASE with a maturity of 360 days and a coupon rate of 17.75% per annum;

KMF and Kazpost JSC signed a partnership agreement under which microloans of up to 3 million tenge can be obtained at Kazpost outlets;

On May 30, KMF completed the process of transforming into a joint-stock company.

The Youth in Business program is launched in partnership with the EBRD.

The international rating agency Fitch Ratings confirmed KMF’s rating at “B+” and “BBB (kaz)” with a “stable” outlook;

KMF signed a loan agreement with the International Finance Corporation (IFC) for 50 million USD, which will be used to finance businesses in rural areas.

New terms and conditions of the loyalty program were introduced, which implies improvement of lending conditions for regular customers.



Mission and vision of the Company



OUR MISSION:

The best microfinancing for your prosperity



OUR VISION:

Global leader in microfinance

To realize our mission, we strive:

- ♥ To achieve coverage of all target groups of clients, including representatives of small, micro and agribusiness;
- ♥ To apply the best microfinance practices in our activities;
- ♥ To develop a culture of providing microfinance services;
- ♥ To expand access to microfinance services in rural areas;
- ♥ To contribute to the prosperity of customers;
- ♥ To create accessible products for customers.

CORPORATE VALUES OF KMF

K Knowledge	M Motivation	F Freedom
↗ KNOWLEDGE	↗ MOTIVATION	↗ FREEDOM
For twenty years of responsible and high-quality work, we have accumulated unique experience and knowledge. This helped us become a leader in the microfinance market. But we rely not only on the successes of the past. The unquenchable thirst for new knowledge is an important driving force of KMF.	We motivate clients, because our service is aimed at their development . Our innovative products make workflows more flexible, convenient and efficient. And the success of our clients motivates our entire team.	We help our clients and employees find the freedom to achieve their goals. Financial freedom is built on the principles of transparency and mutual trust . And truly strong trust is based not only on a long-term manner of work, but also on a caring attitude.
↗ UNIQUENESS	↗ INNOVATION	↗ ACCOUNTABILITY
Knowledge of our business, combined with the fact that we understand , appreciate and develop the individuality of everyone in the team, allows us to create a unique and sought-after offer on the market.	We are inspired by new. We are constantly looking for fresh, bold, more productive solutions, tools, technologies.	Everything we do is honest, open and transparent. We have nothing to hide. It gives us confidence and freedom from negative emotions.
↗ RESPONSIBILITY	↗ DEVELOPMENT	↗ CARE
We know how much depends on us, and we realize that responsibility is the foundation of long-term success. We understand that we are responsible to: <ul style="list-style-type: none">♥ our clients and partners;♥ our team;♥ our city, region, country.	We are focused on continuous development of business, our products, our customers. We do not stand still. We sincerely believe that continuous development is the key to our success. We are energetic and productive because our development affects the well-being of our customers and our employees.	Sincerely caring about our customers and staff, we help them feel comfortable and free . Customer care necessarily includes an individual approach to each, faith in their success.
↗ QUALITY	↗ FLEXIBILITY	↗ CONFIDENCE
We apply the best international microfinance practices. We understand the criteria for high quality and strive to meet them as much as possible in every action.	We are open to change. We do not give up in the face of unpredictability. We are always ready to be flexible, try again and again, look at the problem from a different perspective, see new opportunities, change and achieve success.	We trust people. We believe in those whom other financial institutions do not believe in. Because we are free from stereotypes. We are sure that everyone has one more chance, everyone can become better.



Geography of operations

GRI 2-6

KMF services are available in all regions of Kazakhstan thanks to an extensive branch network, which as of December 31, 2024, includes 17 branches and 120 outlets throughout the country. The Company provides access to financial products and services in both cities and remote settlements.



As of December 31, 2024, the Company employed over 2,400 people, of whom more than 700 are personal managers who provide an individual customer-centric approach and high-quality customer service.

At the end of 2024, 65.86% of the customer base was in rural areas, which highlights the social significance of KMF's activities and its contribution to regional development. Urban customers account for 34.14%.



>2,400

Employees



17

Branches



120

Points of sale



4 000

Remote settlements



700






Personal managers

Key areas of business

GRI 2-6


LENDING TO BUSINESS



AREA	BRIEF DESCRIPTION	CHARACTERISTICS
<div>Motor</div> <div></div>	Microcredits for the purchase of special equipment	Loan amount: from 100 thousand to 78 million tenge Maturity: 12 to 84 months
<div>Business</div> <div></div>	Microcredit for business entities for the acquisition of fixed assets, replenishment of current assets and refinancing of existing debt	Loan amount: from 100 thousand to 78 million tenge Maturity: 3 to 84 months
<div>Agro</div> <div></div>	Microcredit for clients engaged in agricultural business for the acquisition of fixed assets, replenishment of current assets and refinancing of existing debt	Loan amount: from 100 thousand to 78 million tenge Maturity: 3 to 84 months
<div>KMF-Dostar</div> <div></div>	A product focused on a group of 2-10 people. They are jointly and severally liable to each other for the received microcredits.	Loan amount: from 100 thousand to 10 million tenge Maturity: 3 to 60 months
<div>Factoring</div> <div></div>	Working capital financing – financing within the limits of financing for the assignment of monetary claims arising from contracts concluded between customers and debtors	Factoring amount: from 10 to 50 million tenge Factoring term: from 7 to 120 calendar days

CONSUMER LENDING






AREA	BRIEF DESCRIPTION	CHARACTERISTICS
<div><div>KMF-Niyet</div><div></div></div>	Consumer microcredit for any purpose and for any task, including repairs, travel, purchase of a car, paying for education, major purchases.	Loan amount: from 100 thousand to 10 million tenge Maturity: 3 to 60 months

"KMF-INSURANCE" LINE





The Company's clients have an opportunity to receive a range of insurance services via KMF mobile application. The insurer is JSC "Basel Insurance Company".

PRODUCT	BRIEF DESCRIPTION	CHARACTERISTICS
<div><div>CICLVO</div><div>Compulsory Insurance of Civil Liability of Vehicle Owners</div><div></div></div>	Provision of compulsory motor insurance policies	Policy term: 12 month
<div><div>Mini Kasko</div><div></div></div>	Voluntary motor insurance covering damage to a motor vehicle caused by road traffic and other accidents.	Insurance amount: up to 500 thousand tenge Policy term: 12 month
<div><div>Voluntary insurance</div><div>for travellers abroad</div><div></div></div>	Voluntary insurance against sudden illness, accident or loss of luggage when travelling abroad.	Policy term: from 1 day to 1 year Insurance amount: from 10 USD to 100 thousand USD

ADDITIONAL NON-FINANCIAL SERVICES



The Company's clients have the opportunity to access additional services, including medical advice and access to the electronic trading platform, via a mobile application.

PRODUCT	BRIEF DESCRIPTION	CHARACTERISTICS
<div><div>Medicine Online</div></div>	<p>Remote consultations with practicing doctors from Kazakhstan and Russia. Services are provided through the KMF Dariger Online partner platform.</p>	<p>Access to the service is provided for 12 months.</p> <p>“Individual” package – unlimited access to consultations with a therapist and specialist doctors for one user.</p> <p>“Family” package – unlimited access to consultations with a therapist and specialist doctors for 5 family members</p>
<div><div>Jailay Online</div></div>	<p>A service providing remote consultations on agricultural and domestic animals from veterinarians in Kazakhstan</p>	<p>SERVICE FEATURES:</p> <ul style="list-style-type: none">♥ access to remote consultations;♥ informational calendar of vaccination for farm animals;♥ access to articles on agricultural topics;♥ user forum;♥ obtaining information about registered animals to confirm livestock ownership.



KMF STRATEGY



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New opportunities

he change in organizational and legal form to a joint-stock company was not only a step towards obtaining a banking license for KMF, but also a qualitative transition to a new level of service and corporate responsibility. This is a story unfolding before our eyes about how a microfinance organization is transforming into a modern, technologically advanced, and reliable bank of the future.

For 27 years, KMF has made a significant contribution to expanding the availability of financial services for the population and small businesses in Kazakhstan. Since the beginning of its activities, the Company has provided financing to more than one million customers. For many of them, these were their first official loans, allowing them to start or expand their entrepreneurial activities and improve their quality of life.

However, its status as an MFI limited KMF's capabilities to providing only basic loans. At the same time, the Company's customers have much broader needs, which, in addition to access to loan financing, include current accounts, savings products, payment cards, transfers, and digital solutions. The inability to provide a full range of services limited KMF's prospects for further growth.

On May 30, 2024, KMF completed the process of transforming into a joint-stock company, which is one of the conditions for obtaining a banking license. The Company's strategic goal is to transform into an innovative "phygital bank" that combines a physical service network with advanced digital technologies.

KEY OBJECTIVES OF KMF AFTER ITS TRANSFORMATION INTO A BANK:

01. Expansion of the branch and digital network	♥ The new business model will cover more than 4,000 settlements in Kazakhstan, mainly in rural areas, where a significant part of KMF's current customer base resides – micro-entrepreneurs and residents of the regions. It will involve 17 branches and 126 points of sale.
02. Digitalization of customers	♥ Through its physical network and employee training, KMF will accompany customers in their first digital steps, from conducting transactions to using mobile applications and online services.
03. Improving financial literacy	♥ In its new status, the bank will continue to play a key role in improving financial and digital literacy, helping customers adapt to modern financial instruments.
04. Strengthening customer loyalty	♥ Thanks to a combination of accessible physical infrastructure and a personalized approach, customers will be confident in the reliability and support of the bank, which will form the basis for strengthening long-term trust.
05. Customer security	♥ Strengthening cyber security systems, improving identification procedures, and developing digital literacy among users.



GOALS FOR 2025:

- ♥

btaining a banking license, completing the transformation process
- ♥

Launching core banking products, including deposits, current accounts, payment cards, transfers, and payments
- ♥

Stabilizing IT systems and business processes
- ♥

Investing in staff expansion, focusing on “core” banking service requirements and regulatory compliance
- ♥

Opening new points of sale
- ♥

Ensuring the availability of financial services for customers, increasing service channels
- ♥

Staff training.

BUSINESS DIGITAL TRANSFORMATION

KMF is aware that maintaining a leading position in the market and further full-fledged business development is impossible without the introduction of advanced digital technologies.

By the end of 2024, our team had completed a significant part of the challenging transformation into a bank, successfully adapting to new tasks.

Throughout the year, a number of information systems were developed and implemented to ensure a high level of service for our customers. Key achievements include the launch of the Automated Banking Information System (ABIS), mobile internet banking, front-end solutions for personal managers, a credit conveyor, and other industrial IT solutions tailored to the needs of the modern financial sector.

A significant driver of the transformation was the strengthening of the IT team with new specialists with deep banking experience. This not only accelerated the development of key areas, but also provided the necessary expertise in the implementation of industry standards.

As part of the internal reorganization, the processes of interaction within the IT Block were optimized— functions were redistributed, and more transparent communication channels were established, which significantly improved the speed and quality of teamwork.

It is worth noting the active partnership with leading system integrators and software vendors. Thanks to this joint effort, the IT team has achieved significant success in building a modern corporate application architecture, relying on advanced approaches to information system design and assessment of the maturity of existing IT processes and integration models.

The company is constantly working to automate all business processes, including reviewing customer applications and making decisions on microloans disbursement and developing digital communication channels with customers.

KMF is actively developing new products and services that will be available through both digital and traditional service channels. To ensure the high quality of these services,

the Company invests in employee training so that they can effectively implement innovations and provide customers with modern, convenient, and reliable service.



TARGET INDICATORS WITHIN THE CORPORATE STRATEGY

Indicator	2024	2025	2026	2027
Number of borrowers, in thousands of active clients	277.9	315.0	497.0	570.0
Loan portfolio, billion tenge	280.2*	327.1	415.9	518.2
Annual growth rate of the loan portfolio	15%	17%	27%	25%
Growth in number of active clients	5%	13%	58%	15%

* Principal debt

2024 was a year of active transformation for KMF – a strategic rethinking of its role in the financial market and preparation for the transition to a new status. We are creating a financial ecosystem that provides a full range of financial and non-financial services to our customers (micro-entrepreneurs, residents of regions and rural areas), who are mainly located outside the digital field in more than 4,000 settlements in Kazakhstan.

KMF will promote the “digitization” of customers through its physical network of 17 branches and 126 points of sale, where our employees will help customers make their first digital transactions and guide them on the path to digital development.

The creation of a “phygital bank” to meet our customers’ needs for financial and non-financial services will ensure the long-term sustainable development of KMF.



FINANCIAL AND ECONOMIC INDICATORS



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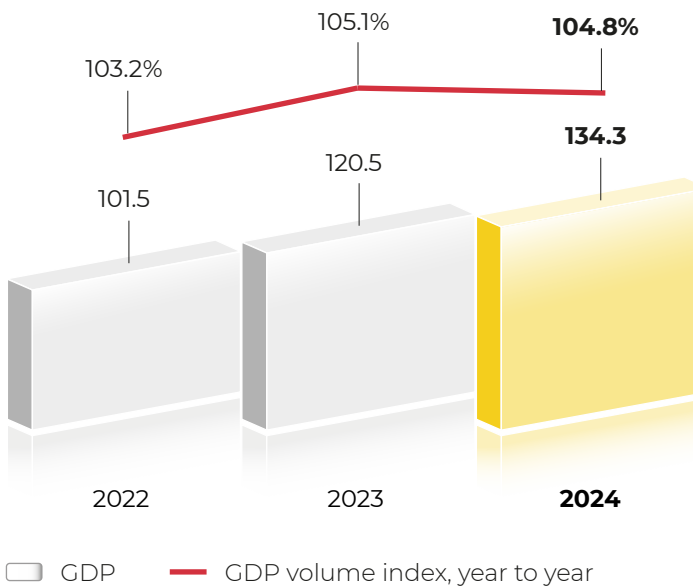


Macroeconomic conditions in the country

Kazakhstan's nominal GDP for 2024 amounted to 134.25 trillion tenge, which is 11.4% higher than the previous year. Real GDP growth amounted to 4.8%.

The highest growth was observed in agriculture (+13.3%), construction (+13.1%), and trade (+8.8%). At the same time, the mining industry saw a 0.3% decline in production.

GDP DYNAMICS
trillion tenge for the period



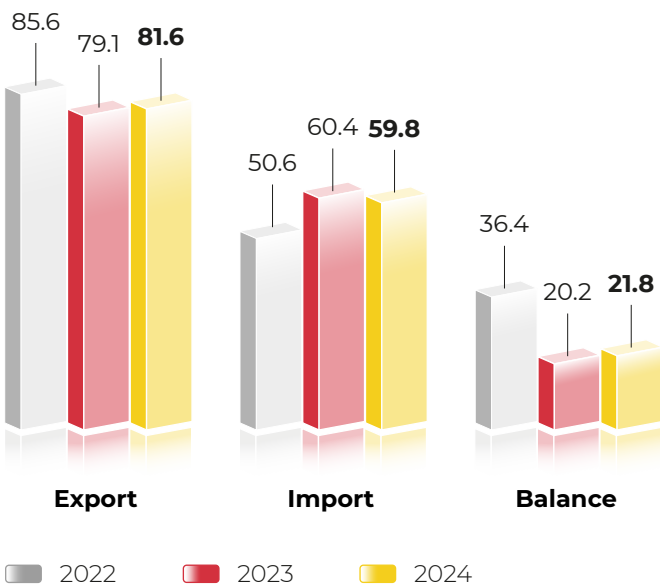
Source: BNS ASPR of the Republic of Kazakhstan

Kazakhstan's exports grew from 79.1 billion USD to 81.6 billion USD, mainly due to high oil and energy prices, as well as growth in exports of metals and chemical products.

Imports fell from 60.4 billion USD to 59.8 billion USD due to a decline in imports of machinery and equipment. This category accounts for ~43% of total imports. It decreased by -6.0% (~1.6 billion USD) due to lower investment in mining and trade, as well as a decline in re-exports from Russia.

As a result, the trade balance increased from 20.2 billion USD to 21.87 billion USD

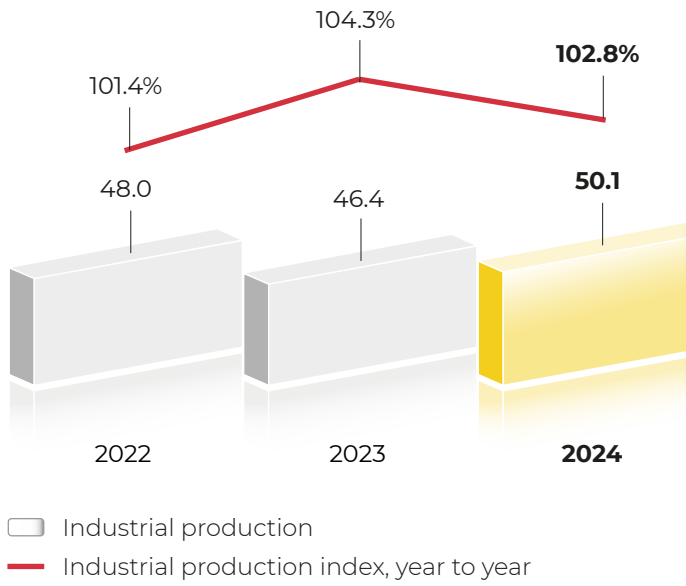
EXPORT AND IMPORT OF GOODS
billion dollars for the period



Source: BNS ASPR of the Republic of Kazakhstan

Industrial production in 2024 amounted to 50.1 trillion tenge, including 22.2 trillion tenge in the mining industry and 24.5 trillion tenge in the manufacturing industry. Industrial production grew by 2.8% in real terms, with mining declining by 0.2% and manufacturing growing by 5.9%.

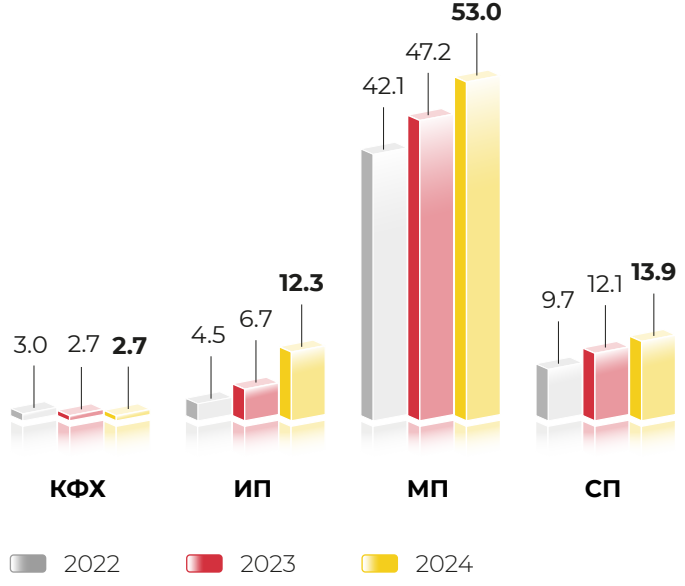
VOLUME OF INDUSTRIAL PRODUCTION
trillion tenge for the period



Source: BNS ASPR of the Republic of Kazakhstan

The output of SMEs grew from 68.7 trillion tenge in 2023 to 81.9 trillion tenge in 2024. The output of small enterprises registered as legal entities amounted to 53 trillion tenge, individual entrepreneurs – 12.3 trillion tenge, medium-sized enterprises – 13.9 trillion tenge, and peasant farms – 2.7 trillion tenge.

OUTPUT OF PRODUCTS BY SMES
trillion tenge for the period

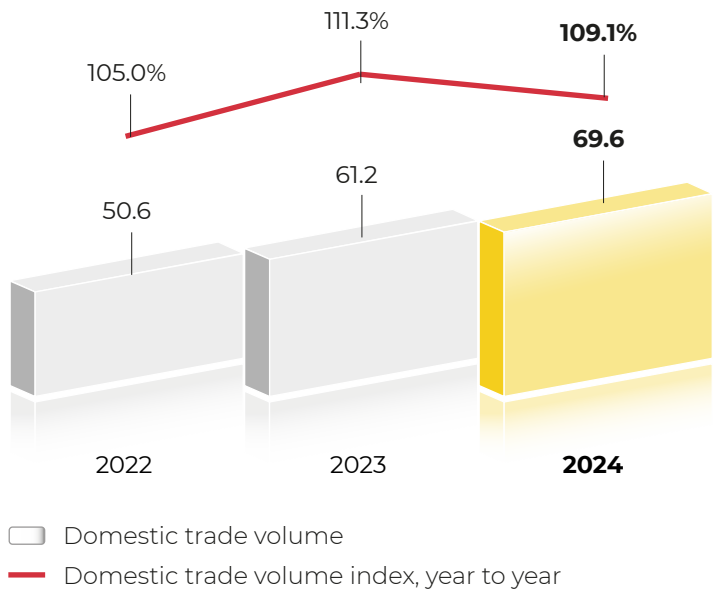


Source: BNS ASPR of the Republic of Kazakhstan



The total volume of domestic trade (wholesale and retail) increased by 14.1% compared to 2023 and amounted to 69.6 trillion tenge. The domestic trade index of actual volume was 109.1% at the end of 2024 (2023 – 111.3%).

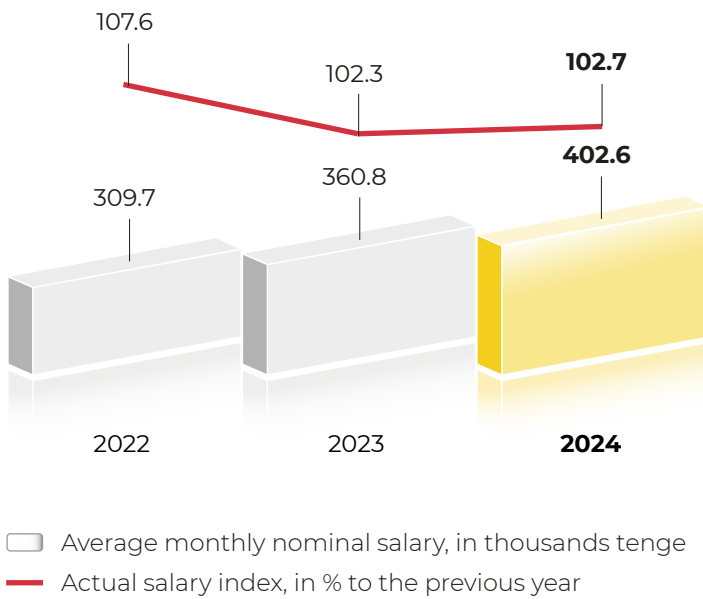
DOMESTIC TRADE
trillion tenge for the period



Source: BNS ASPR of the Republic of Kazakhstan

The average monthly salary increased from 360.8 thousand tenge in 2023 to 402.6 thousand tenge in 2024. The real growth in average salary was 2.7% compared to 2.3% in the previous year.

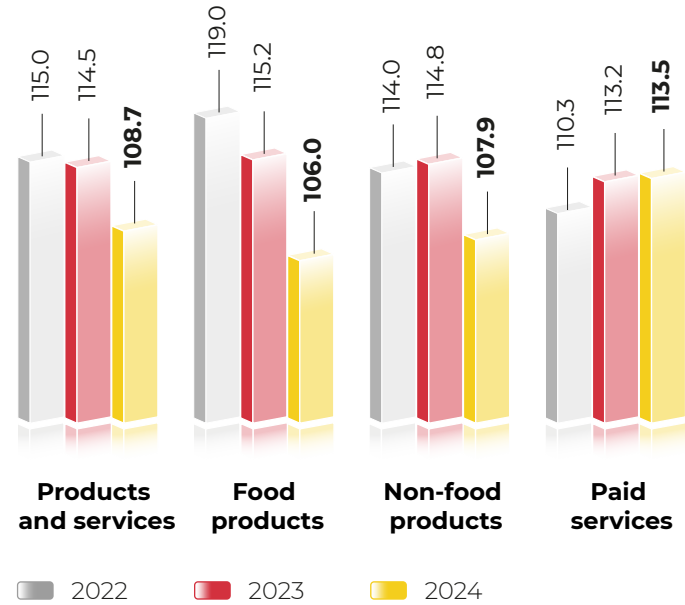
AVERAGE MONTHLY NOMINAL SALARY, thousand tenge



Source: BNS ASPR of the Republic of Kazakhstan

The rate of consumer inflation in 2024 decreased significantly compared to the previous year: The CPI for January-December 2024 compared to January-December of the previous year was 108.7% against 114.5% for the same period in 2023. Prices for food products rose by 6.0%, non-food products by 7.9%, and paid services by 13.5%.

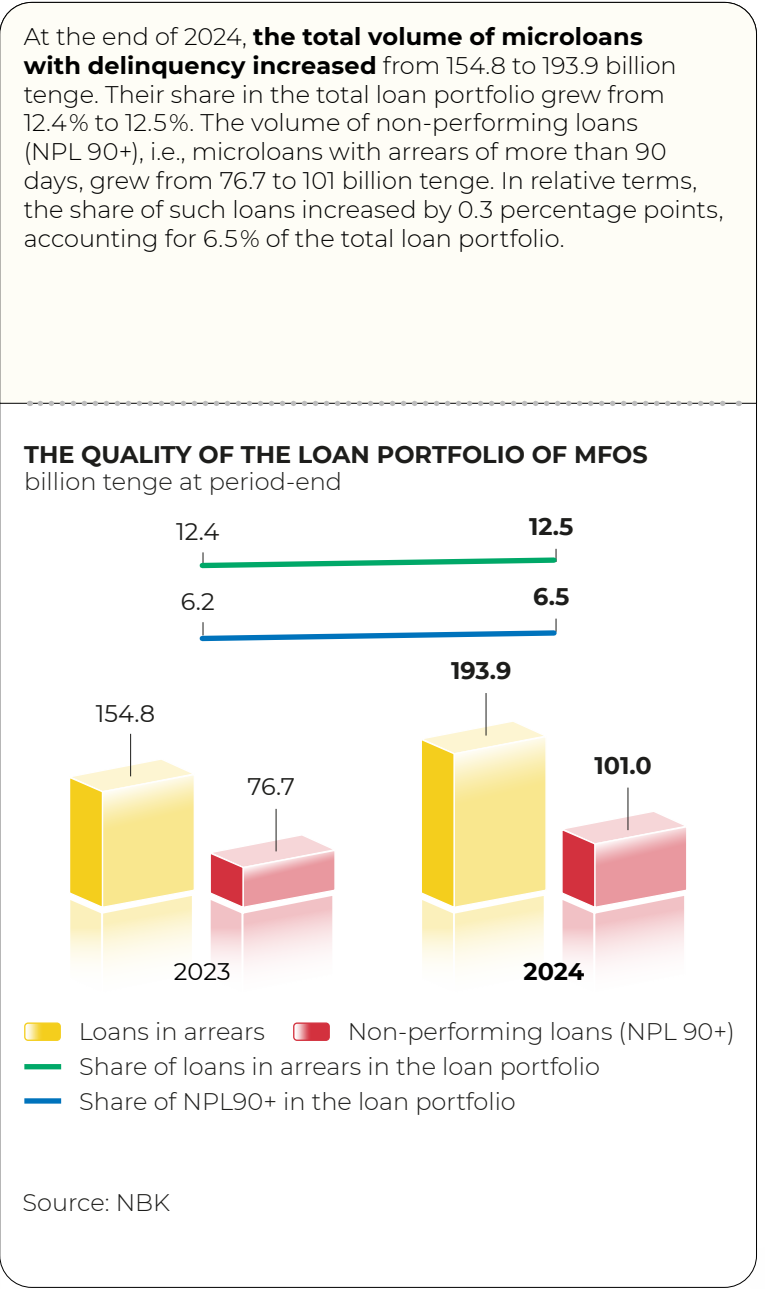
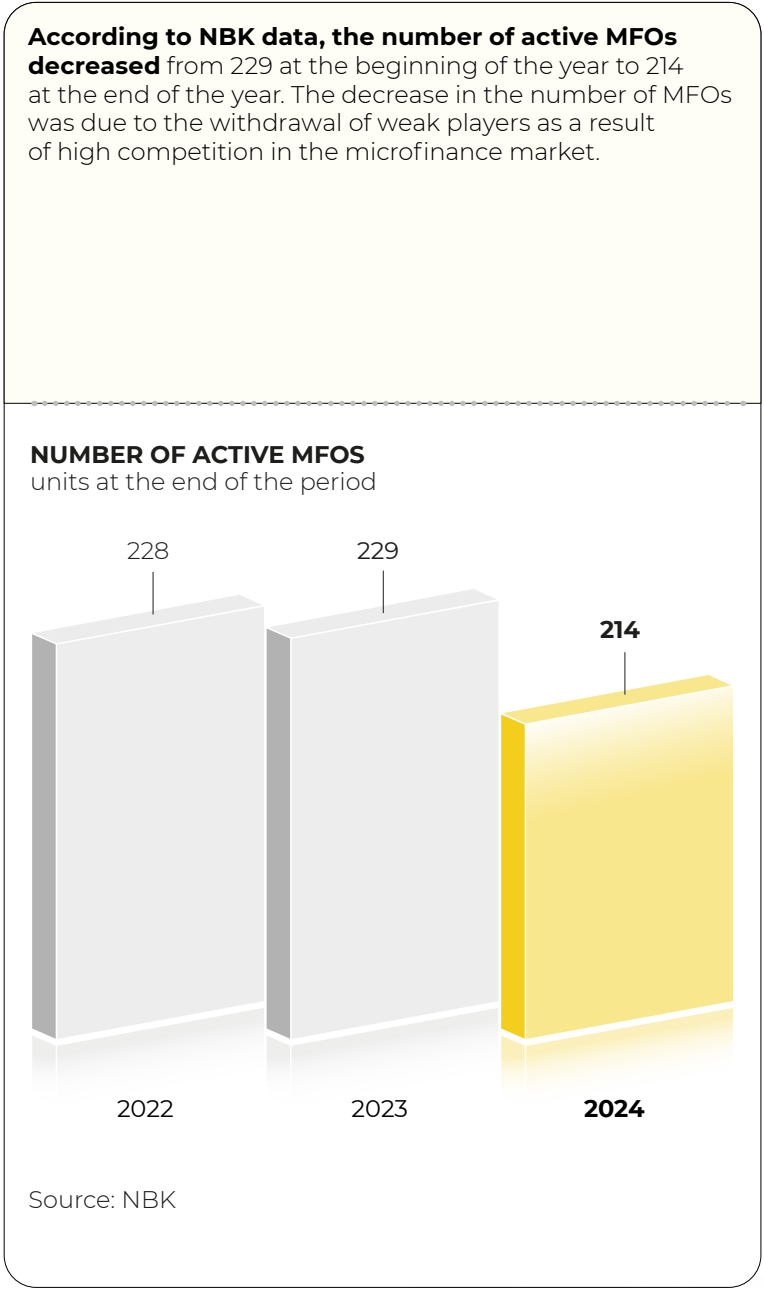
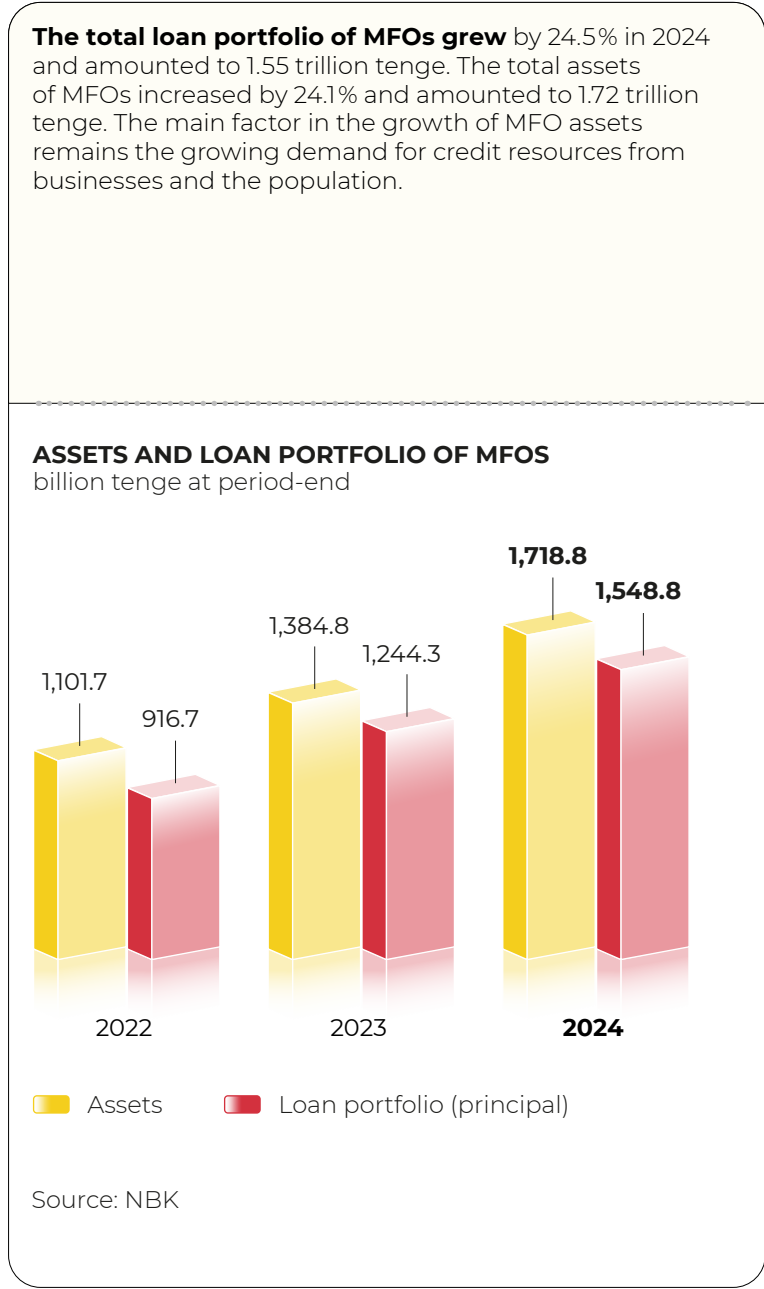
CONSUMER INFLATION
% year-on-year



Source: BNS ASPR of the Republic of Kazakhstan



The state of the microcredit market



In 2024, the gradual decline in the concentration level of the MFI segment continued. The share of the five largest MFOs in the segment's total assets decreased from 59.0% to 58.1%.

KMF continues to hold a leading position in the microfinance market, accounting for 18.2% of the total loan portfolio of all MFOs in the country.

As in the previous year, the five largest MFOs in terms of assets were KMF (19.6% of total assets), MFO Toyota Financial Services Kazakhstan LLP (14.9%), MFO MyCar Finance LLP (10.1%), MFO OnlineKazFinance LLP (7.6%), and MFO Shinhan Finance LLP (6.0%).

FIVE LARGEST MFOS IN KAZAKHSTAN AS OF THE END OF 2024		
	Assets, billion tenge	Share in total assets
MFO KMF JSC	336.3	19.6%
MFO Toyota Financial Services Kazakhstan LLP	256.5	14.9%
MFO MyCar Finance LLP	173.2	10.1%
MFO OnlineKazFinance LLP	129.9	7.6%
MFO Shinhan Finance LLP	102.8	6.0%
Five largest MFOs	998.7	58.1%
All MFOs	1,718.0	100.0%

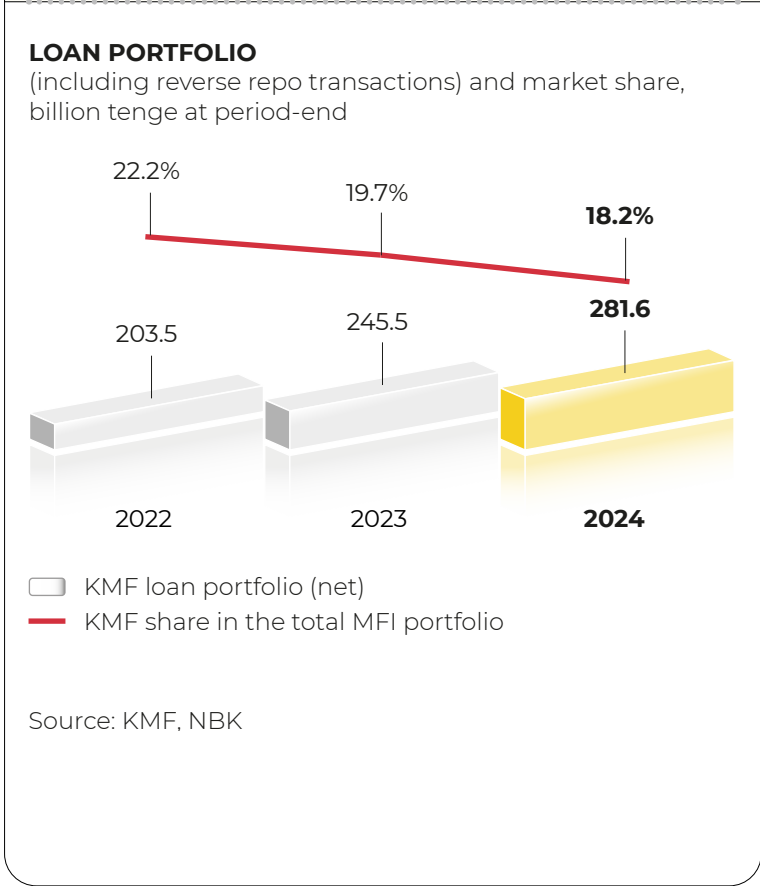
Source: NBK



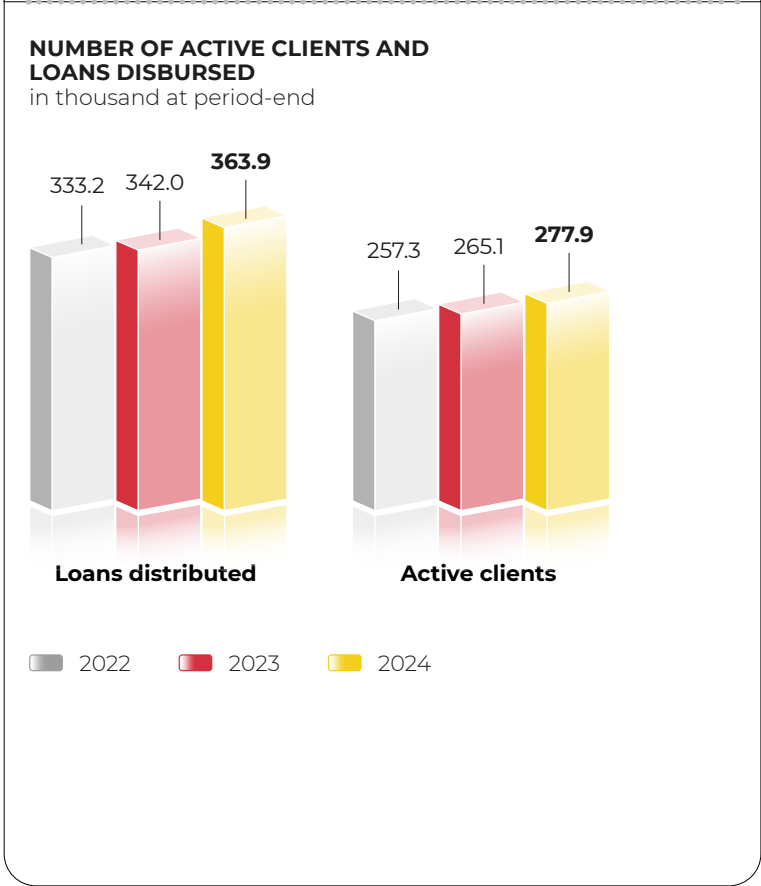
Operating performance

GRI 2-6

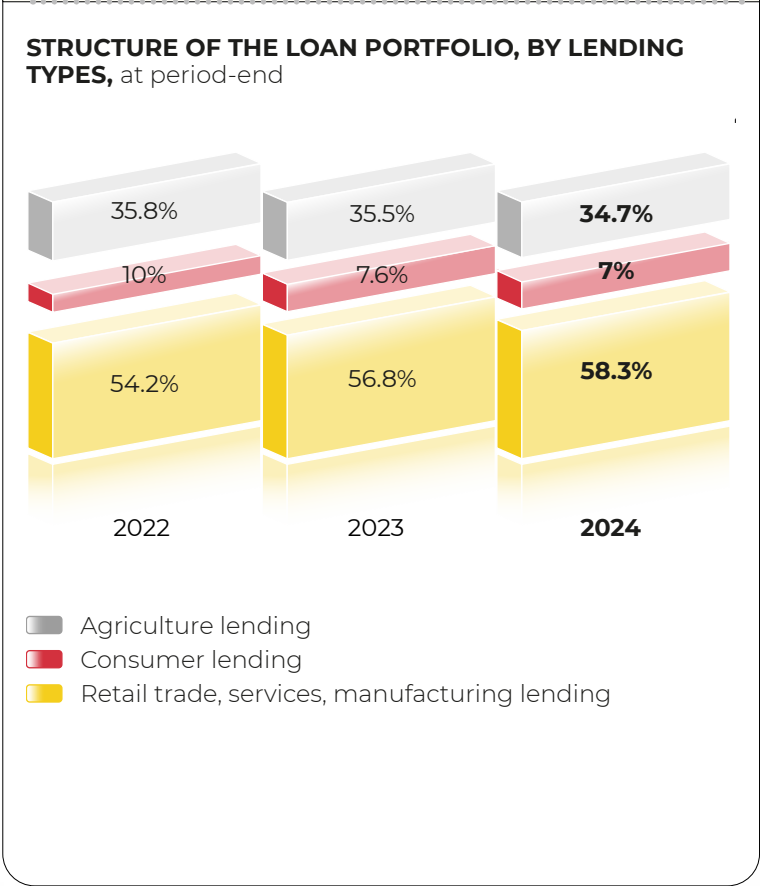
At the end of 2024, KMF's **microloan portfolio (net)** grew by **13.5% to 270.0 billion tenge**. The company continues to hold a leading position in the industry in terms of loan portfolio size. However, due to its conservative lending policy, the Company's share in the total MFI loan portfolio (net) decreased from 21.5% to 20.1% in the reporting year.



The number of active KMF customers increased during the reporting year from 265.1 thousand to 277.9 thousand. In 2024, a total of 363.9 thousand microloans were issued, which exceeds the 2023 level by 2.6%.

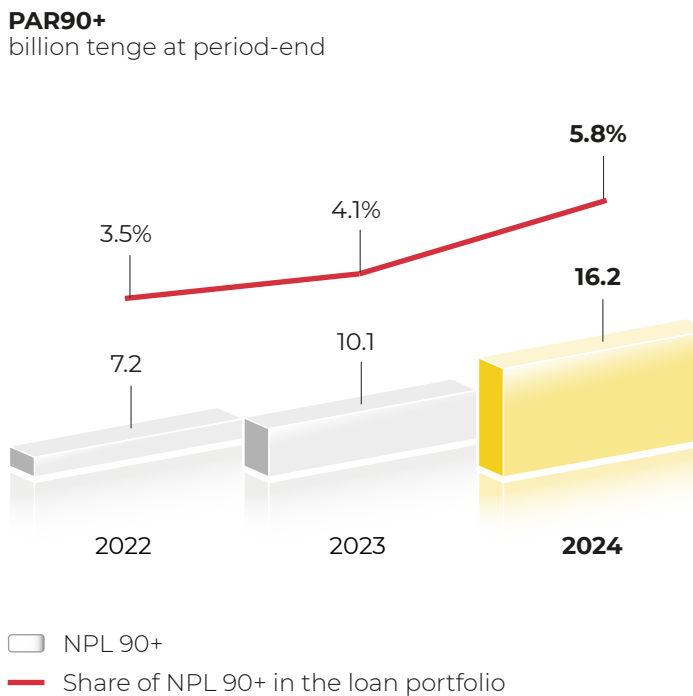


At the end of the reporting year, **the share of microloans issued to enterprises operating** in the retail, services, and manufacturing sectors in the loan portfolio structure increased from 56.8% to 58.3%. The share of consumer loans decreased from 7.6% to 7.0%; the share of loans issued to agricultural producers decreased from 35.5% to 34.7%.

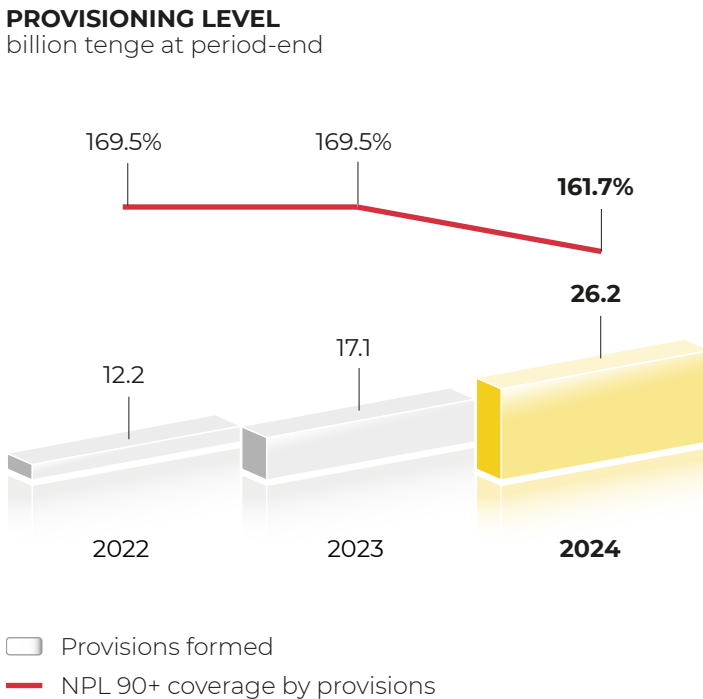




The share of NPL 90+ in the Company’s loan portfolio increased from 4.1% to 5.8%. The growth in the share of non-performing loans is a general trend in the microcredit market, caused by a decline in the creditworthiness of certain categories of borrowers. At the same time, KMF’s share of non-performing loans is significantly lower than the average for the MFI segment (6.6% at the end of the year).



The volume of reserves (provisions) formed for asset impairment increased from 17.1 billion tenge at the beginning of the year to 26.2 billion tenge at the end of the year due to the growth in the volume of loans with delinquency, including NPL 90+. At the same time, the coverage ratio of NPL 90+ is more than sufficient and amounted to 161.7% at the end of the reporting year.



The Company’s liabilities increased by 15.9% and amounted to 273.6 billion tenge. The growth in total liabilities was mainly due to an increase in funds raised from other credit institutions (from 190.0 billion tenge to 221.6 billion tenge).

The Company’s equity increased from 52.2 billion tenge to 62.7 billion tenge due to growth in retained earnings on the balance sheet.

Financial results

The book value of KMF’s assets at the end of 2024 increased by 16.6% and amounted to 336.3 billion tenge. At the same time, the loan portfolio (net) increased from 237.9 billion tenge to 270.0 billion tenge, cash and cash equivalents grew from 9.7 billion tenge to 10.1 billion tenge, and derivative financial assets increased from 39.8 million tenge to 2.4 billion tenge.

The value of the investment securities portfolio increased from 24.5 billion tenge to 35.8 billion tenge, and at the end of 2024 with securities with a total fair value of 22.6 billion tenge serving as collateral under repo agreements concluded on the KASE. The investment securities portfolio consists of treasury bonds issued by the Ministry of Finance of the Republic of Kazakhstan.

BALANCE STRUCTURE

billion tenge at period-end

Indicator	2022	2023	2024	Changes 2024/2023
Assets	233.6	288.3	336.3	16.6%
– including loans to customers	203.5	237.9	270.0	13.5%
Liabilities	181.3	236.1	273.6	15.9%
– including funds from credit institutions	163.7	190.0	221.6	16.6%
Equity	52.3	52.2	62.7	20.0%
– including retained earnings	36.7	2.5	13.5	Growth of 5.4 times



Net interest income for 2024 increased by 2.5% compared to the previous year and amounted to 58.2 billion tenge. Interest income increased by 15.1% (from 84.9 billion tenge to 97.7 billion tenge), while interest expenses rose by 40.7% (from 28.0 billion tenge to 39.3 billion tenge). Operating expenses increased by 23.2% (from 28.0 billion tenge to 34.5 billion tenge); provisioning expenses increased by 19.1%; non-interest expenses decreased by 76.0%.

INCOME AND EXPENSES

billion tenge for the period

Indicator	2022	2023	2024	Changes 2024/2023
Interest income, including:	71.4	84.9	97.7	15.1%
– remuneration on microloans	70.1	83.0	95.3	14.8%
Interest expenses, including:	(20.0)	(28.0)	(39.3)	40.7%
– borrowing costs	(18.6)	(23.5)	(32.6)	38.6%
Net interest income	51.3	56.8	58.2	2.5%
Operating expenses, including:	(23.2)	(28.0)	(34.5)	23.2%
– personnel costs	(15.9)	(19.1)	(24.4)	28.0%
– amortization	(1.3)	(1.6)	(1.8)	17.5%
– taxes (except CIT)	(0.3)	(0.6)	(0.8)	44.8%
Provisioning expenses	(5.4)	(7.3)	(8.7)	19.1%
Operating profit (loss)	22.7	21.5	15.1	–30.1%
Non-interest expenses, including:	(6.1)	(5.0)	(1.2)	–76.0%
– net profit (loss) on operations with financial assets	(4.8)	(6.7)	1.1	–
– net profit (loss) on operations with foreign currency	(1.3)	1.6	(2.5)	–
Profit (loss) before tax	16.6	16.5	13.9	–16.1%
Corporate income tax	(3.6)	(3.3)	(2.8)	–14.9%
Net profit	13.1	13.2	11.0	–16.5%

The Company’s operating profit decreased by 30.1% compared to the previous year (from 21.5 billion tenge to 15.1 billion tenge), mainly due to an increase in personnel expenses, servicing of borrowed funds, and the formation of provisions for credit losses. Net profit for the reporting year decreased by 16.5% compared to 2023 and amounted to 11.0 billion tenge.

Compliance with prudential norms

During the reporting year, the Company complied with all capital requirements established by law. The capital adequacy ratio as of December 31, 2024 was 23.3%, which significantly exceeds the minimum level set by the regulator. The Company actively manages its capital adequacy level in order to protect itself from the risks inherent in its activities.

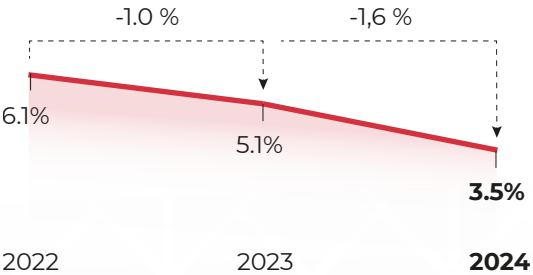
Other prudential norms (maximum risk exposure per borrower ratio, maximum aggregate exposure limit ratio, limit on the share of overdue debt exceeding 90 days) were also met with a significant margin, which indicates the stability and sustainability of the Company’s financial condition.

COMPLIANCE WITH PRUDENTIAL NORMATIVES BY THE COMPANY IN 2024

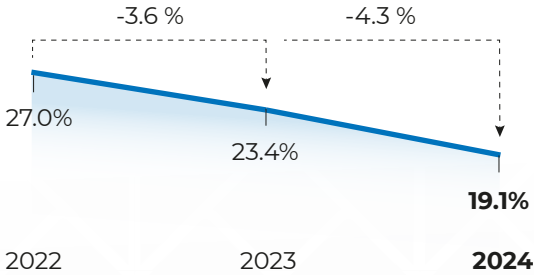
Name of normative	Normative value	December 31, 2023	March 31, 2024	June 30, 2024	30 September 2024	December 31, 2023
Paid-in Charter capital	≥ 200 million tenge	50.0 billion tenge	50.0 billion tenge	50.0 billion tenge	50.0 billion tenge	50.0 billion tenge
Estimated equity capital	≥ 200 million tenge	52.2 billion tenge	54.7 billion tenge	58.3 billion tenge	60.4 billion tenge	62.7 billion tenge
Equity capital adequacy ratio (k1)	≥ 0.1	0.210	0.201	0.226	0.231	0.233
Limit on the share of NPL90+	≤ 20 %	5.793 %	6.363 %	6.958 %	7.517 %	8.011 %
Coefficient of maximum risk per borrower (k2)	≤ 0.25	0.008	0.008	0.010	0.007	0.007
Coefficient of maximum limit of total liabilities (k3)	≤ 10	4.520	4.823	4.372	4.356	4.363

DYNAMICS OF PROFITABILITY INDICATORS

ROA



ROE



The decline in net profit amid significant asset growth led to a decrease in the return on assets ratio from 5.1% in 2023 to 3.5% in 2024. Return on equity also declined from 23.4% to 19.1%.



RISK MANAGEMENT



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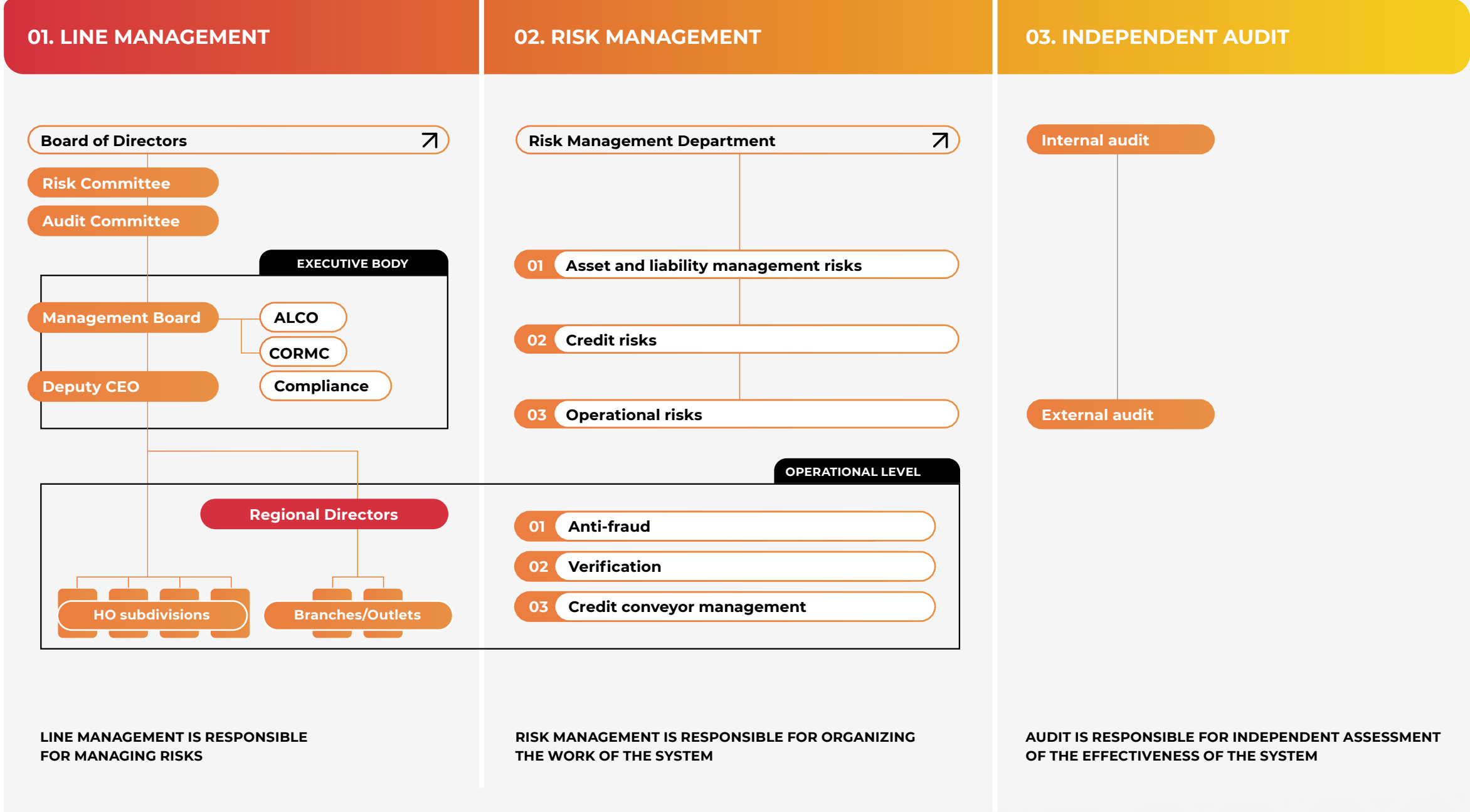


Risk management system

The Risk Management System (RMS) of KMF includes three lines of defense:

- ♥ **1st line** – functional subdivisions and management, which directly implements activities and monitors risks. Risk management is part of the daily activities of business subdivisions and management. They provide an ongoing process for identifying and assessing risks, implementing and evaluating the effectiveness of control procedures.
- ♥ **The 2nd line** – is an independent unit that provides and coordinates the risk management process, including the development of methods, rules and procedures, the introduction of effective tools for defecting, identifying, assessing, monitoring, controlling and reporting in the field of risk management, and also controls and coordinates actions taken at the level of the first line of defense. In KMF, the second line of defense is represented by the Risk Management Department. The Risk Management Department also plays an important role in internal control through its participation in Credit Committees, the Assets and Liabilities Management Committee, and the Credit and Operational Risk Management Committee, and by reporting on risk levels to the Risk Committees of the Management Board and the Supervisory Board/Board of Directors.
- ♥ **3rd line** – is the Internal Audit Unit and external audit. The objectives of the third line of defense are to independently evaluate and check the effectiveness of the risk management system, both on the first and second lines of defense.

An important role in the risk management process is played by the Supervisory Board/Board of Directors, which receives regular reports on KMF's exposure to credit risk as part of quarterly reports. Members of the Risk Committee of the Supervisory Board/Board of Directors evaluate violations of credit risk limits, if any, the causes and duration of violations. Based on the results of the assessment of risk reports by members of the Risk Committee of the Supervisory Board/Board of Directors, recommendations can be formed and preventive measures recommended to reduce the level of risks and to strengthen control over high-risk areas.



⁰¹ALCO (Assets and Liabilities Management Committiee)
⁰² CORMC (Credit and Operational Risk Management Committiee)



PRINCIPLES OF RMS KMF

Division of responsibility for risk management and independent control	<ul style="list-style-type: none">♥ The RMS includes three lines of defense with a clear distribution of functions and responsibilities between departments.♥ All KMF employees are involved in the risk management process in such a way that everyone participates in the processes of identifying, analyzing and assessing risks and taking measures to reduce the risks of the Company, in accordance with the responsibility inherent in their position.
Exclusion of conflicts of interest	<ul style="list-style-type: none">♥ KMF does not allow conflicts of interest in the risk management process, ensures the separation of control functions (middle and back office) and front office functions (sales and customer service).
Risk-based corporate culture	<ul style="list-style-type: none">♥ KMF develops and maintains a culture of understanding risk among employees, recognizing the importance of risk management, as well as recognizing personal responsibility for identifying and managing risks, in accordance with the responsibility inherent in their position.
Communication efficiency	<ul style="list-style-type: none">♥ Internal communications in the context of risk management are part of the corporate culture of KMF and include communications on risk tolerance levels and limits, a reporting system and feedback in the risk management process from all levels of the organization.
Risk based reward	<ul style="list-style-type: none">♥ The remuneration system of KMF employees takes into account the successful completion of the tasks set, with a mandatory adjustment for the risk of the main process – credit risk. In the front office employee compensation system, portfolio risk directly affects monthly remuneration payments, so that the higher the risk of the portfolio, the lower the remuneration.
Regulation and control	<ul style="list-style-type: none">♥ KMF ensures compliance with the requirements of regulatory authorities for the existence of risk management systems in terms of its organization, scope and independence.
Protection of confidential information	<ul style="list-style-type: none">♥ KMF has an information confidentiality policy that describes the mechanism for disclosing information to all interested parties.
Economic expediency	<ul style="list-style-type: none">♥ Risk management in KMF is carried out on the basis of economic purposefulness, when the cost of risk control measures should not exceed the amount of possible losses from this risk.

The continuity and controllability of the risk management process is ensured by strict adherence to a single risk management algorithm, which includes seven stages.

RISK MANAGEMENT ALGORITHM IN KMF

Nº	Stage	Stage description
1.	Formation of a risk management system	<ul style="list-style-type: none">♥ Formation of a risk management policy, setting of risk management goals and commitments, promotion of a risk-based corporate culture aimed at risk management
2.	Risk identification	<ul style="list-style-type: none">♥ Risk detection and description
3.	Risk Analysis	<ul style="list-style-type: none">♥ Determining the nature of the risk and measuring the level of risk
4.	Risk assessment	<ul style="list-style-type: none">♥ Determination of criteria for the significance and priority of risks
5.	Risk management (risk treatment)	<ul style="list-style-type: none">♥ Development of action plans for reduction, control, hedging, insurance and other ways of influencing risks with the definition of deadlines and responsible persons
6.	Monitoring and analysis of the effectiveness of the RMS	<ul style="list-style-type: none">♥ Continuous performance review followed by adjustments to relevant processes and procedures
7.	Communications and consultations	<ul style="list-style-type: none">♥ Exchange of information on risk management between structural divisions and employees of KMF, as well as other interested parties





Credit risk management

As the leader of the Kazakhstan microcredit market, KMF is aware of its impact on the social and economic development of the country. Social responsibility to customers is enshrined in the Company's credit policy. Our responsible attitude towards the client has a positive effect on credit risk and prevents the client from becoming over-indebted.

Credit risk management is defined as a set of measures that can help avoid or mitigate foreseeable risks and create adequate reserves. KMF manages the probability of default of individual clients through a set of underwriting policies and regulations (i.e. procedures for analyzing and evaluating a loan application). Each borrower, when issuing a new loan or restructuring it, as well as issuing a new tranche within the framework of a credit line, is subject to verification of all creditworthiness criteria.

The main portfolio risk indicator is PAR 30, calculated as the ratio of the principal debt for all loans that are overdue by 30 days or more as of the reporting date to the principal debt for the entire loan portfolio. Leading indicators, such as derivatives of vintage analysis of the loan portfolio and loan migration matrices, are also important in monitoring and managing credit risk. Calculation of expected credit losses is carried out in accordance with IFRS 9 based on the Company's internal methods.

KMF is working to collect non-performing loans, however, the Company does not adhere to the strict practice of "knocking out debts" from customers. All processes are regulated and carried out in accordance with the legislation of the Republic of Kazakhstan and in the spirit of the social orientation of KMF as a development institution.

In order to manage delinquencies, KMF seeks to restructure loans when the client is able and willing to pay loan payments in accordance with the revised payment schedule.

THE MAIN RISK FACTORS THAT CAN HAVE A NEGATIVE IMPACT ON THE CREDITWORTHINESS OF THE COMPANY'S BORROWERS ARE:

01	External and internal shocks that can affect the income of SMEs;
02	Wage cut or delays in the formally employed sector;
03	Volatility in prices for agro-industrial products;
04	Increase in operating expenses of clients in the segments of SME lending and agriculture;
05	Volatility of exchange rates
06	Lockdowns and closure of trade markets, closing of borders;
07	Political instability in the country or its individual regions.

Operational risk management

KMF defines operational risk as the possibility of losses caused by inadequate or failed internal processes, people and systems, or external events. Depending on the nature of their impact on KMF, operational risk events are categorized according to the Basel Committee's recommendations.

KMF has a zero tolerance for operational risk due to potential regulatory and reputational impacts, even if the incident itself is initially considered insignificant. Any form of fraud or non-compliance with internal regulations by KMF employees is unacceptable.

In order to manage and minimize operational risk, KMF has established and continuously improves an internal control environment that includes systematically organized, clear, and specific internal documents that define the terms and conditions of all products and services; the powers and responsibilities of departments and employees; and policies and procedures that determine how these roles and responsibilities should be performed in processes.

The internal control environment supports the formation and promotion of a risk management culture that guides the actions of each individual employee, and is supported and defined by the Board of Directors, the Management Board, and all heads of structural subdivisions of branches and the Head Office.

All key KMF subdivisions have appointed risk coordinators responsible for coordinating the operational risk management process within their subdivisions, which allows for effective operational risk management at the level of each KMF employee.

Risk coordinators undergo regular training, and communication with all employees is carried out via the corporate portal in order to inform them about key operational events.

KMF has implemented and uses the following operational risk management tools:

- ♥ An operational event database to automate the recording of operational risk events, record the measures taken and those responsible for implementing these measures, and monitor response mechanisms using software;
- ♥ Self-assessment of operational risks by process owners to identify potential operational risks;
- ♥ Key risk indicators (KRIs) have been developed and are constantly monitored for business-critical processes, which allows to identify changes in the operating environment and a likely increase in operational risk;
- ♥ An operational risk map that allows to identify key operational risks and the adequacy of control procedures.

Identifying and countering fraud in 2024 was one of the main focuses of operational risk in terms of protecting the interests of both KMF and its customers. In 2024, KMF was connected to the Anti-Fraud Center of the National Bank of the Republic of Kazakhstan, thereby becoming a participant in the state-level fraud prevention system.



Liquidity risk management

Liquidity risk is defined as the possibility of a negative impact on a company’s profits and business reputation due to the potential inability of KMF to meet current payment obligations in a timely manner.

The Company defines liquidity management as a continuous process of planning the need for financing and borrowing both at the operational (planning period up to 1 month) and tactical (planning period up to 1 year) levels, and at the strategic level (planning period over 1 year). The main goal of liquidity management is to ensure sustainable growth of KMF’s operating assets and ensure timely fulfillment of all KMF obligations to third parties.

The main source of funding KMF are medium-term loans in tenge and in foreign currency received from financial institutions both within Kazakhstan and abroad. In addition to standard loans, KMF uses attraction in the form of capital, as well as subordinated loans.

KMF is developing a contingency financing plan to manage the response to early withdrawal of obligations, which will be activated in the event of an emergency liquidity shortage.

In addition, the Company maintains a constant share of liquid assets, established by the internal requirements of the Board of Directors.

Liquid assets are placed in commercial banks in accordance with internal limits, as well as in the securities market, in accordance with the approved list of permitted financial instruments. In order to place liquid assets, only highly liquid financial instruments are used, mainly government securities and REPO.

Concentration risk in second-tier banks is managed by monitoring and regularly reviewing counterparty limits. Interest rate risk management

Interest rate risk management

Interest risk in KMF is defined as the possibility of an adverse impact on net interest income and on the market value of assets and liabilities in response to changes in market interest rates.

Microloans to KMF clients always have a fixed interest rate over the term of the microloan, while KMF liabilities can be either fixed or floating rate.

Currency risk management KMF’s business model assumes the occurrence of foreign exchange risk due to the fact that KMF issues loans only in tenge, while at the same time financing its activities partially through loans in foreign currencies. Speculation in exchange rates is not a business goal of KMF, the goal of KMF is to minimize the currency risk in relation to profitability and cost of capital with available financial instruments.

Currency risk management

KMF’s business model involves currency risk due to the fact that KMF issues loans only in tenge, while financing its operations in part by borrowing in foreign currencies. Speculation on currency exchange rates is not a business objective of KMF. The Company’s objective is to minimize currency risk in relation to profitability and cost of capital using available financial instruments.

Currency risk is managed through a system of open currency position limits. Over the past few years, the Company has maintained a virtually zero open currency position. At the end of 2024, the position was +0.18% of equity.

Ensuring Business Continuity

The business continuity management system has been in place since 2019 and is adjusted annually to strengthen it, taking into account the events of recent years: the height of the pandemic from 2020 to 2021, the events of January 2022, and the floods in a number of regions of Kazakhstan in 2024.

In addition, external business continuity cases are studied and staff training is conducted. In 2024, staff and group heads were trained to respond to incidents that could affect business continuity.

Based on practical experience of large-scale incidents, crisis management and incident response algorithms were refined. The business continuity management system continues to be developed, including the use of tools such as Business Impact Analysis (BIA), implementation of awareness plans, incident simulation, and staff training. In the process of preparing response instructions for the Bank’s structure at the transformation stage.

In 2024, testing of the fault tolerance of IT services based on the data center was carried out. On-site training and testing was conducted from the Head Office in four branches: East Kazakhstan, Zhambyl, Kostanay branches and the Astana branch.

Incident simulation via messengers is practiced, and in 2024, all branches participated in the simulation.



CORPORATE GOVERNANCE



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Corporate governance system

GRI 3-3

KMF considers corporate governance to be a key element in ensuring business sustainability, improving operational efficiency, strengthening business reputation, and reducing the cost of raising capital. An effective management system also contributes to compliance with the legislation of the Republic of Kazakhstan and the formation of trusting relationships with stakeholders.

The corporate governance of KMF is built on the foundations of fairness, honesty, responsibility, transparency, professionalism and competence. The company follows the basic principles of sustainable development, which are gradually being incorporated into its strategy and consistently implemented in key business processes.

As part of its transformation from a limited liability partnership to a joint stock company and preparations for the transition to a banking model, KMF is forming a modern corporate governance system that meets strategic objectives, regulatory requirements, and stakeholder expectations. The internal regulatory

framework is being updated, approaches to information disclosure are being improved, and mechanisms for interaction with shareholders and other participants in corporate relations are being strengthened.

Participants in the corporate governance system share a common strategic vision for the Company's development, which is reflected in the improvement of management processes, the development of an internal control system, and the enhancement of the effectiveness of supervisory and control functions. The control environment has been formed taking into account the scale and specifics of KMF's activities. It integrates key elements: internal audit, risk management, and compliance, which allows for the timely identification, assessment, and minimization of risks.

KMF consistently follows the best international practices in the field of corporate governance and sustainable development, ensuring compliance with the principles of transparency, accountability, and responsibility at all levels of management.

CORPORATE GOVERNANCE STRUCTURE

GRI 2-9

On May 30, 2024, the Company completed its reorganization into a joint-stock company, which resulted in changes to the structure of its management bodies and their powers. The corporate governance structure fully complies with the requirements of the legislation of the Republic of Kazakhstan, including the provisions of the Law of the Republic of Kazakhstan No. 415 dated May 13, 2003, "On Joint Stock Companies" (the "Law on JSC").

The Company applies a two-tier management system (Two-Tier System Board) in line with international best practices in corporate governance. This model ensures the separation of strategic control and operational management functions, as well as increases transparency and accountability in decision-making. The Board of Directors includes independent directors, and the activities of the Board of Directors are supported by specialized committees.

KMF MANAGEMENT BODIES

LLC
(till May 30, 2024)

JSC (since
May 30,
2024)

01 Highest management body

General Meeting of Participants

The General Meeting of Shareholders

02 The body exercising general management of the Company's activities

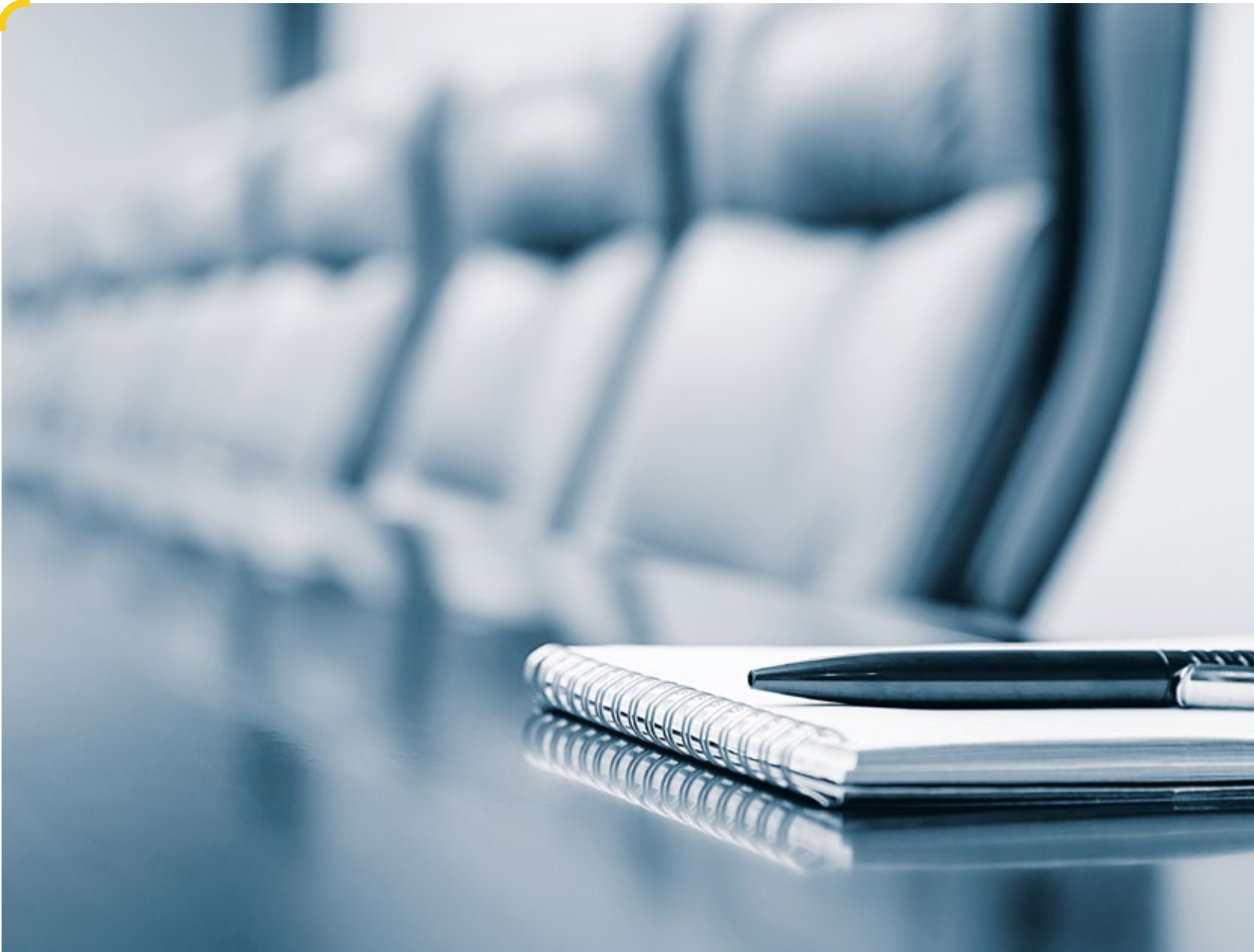
Supervisory Board

Board of Directors

03 Collegial executive body

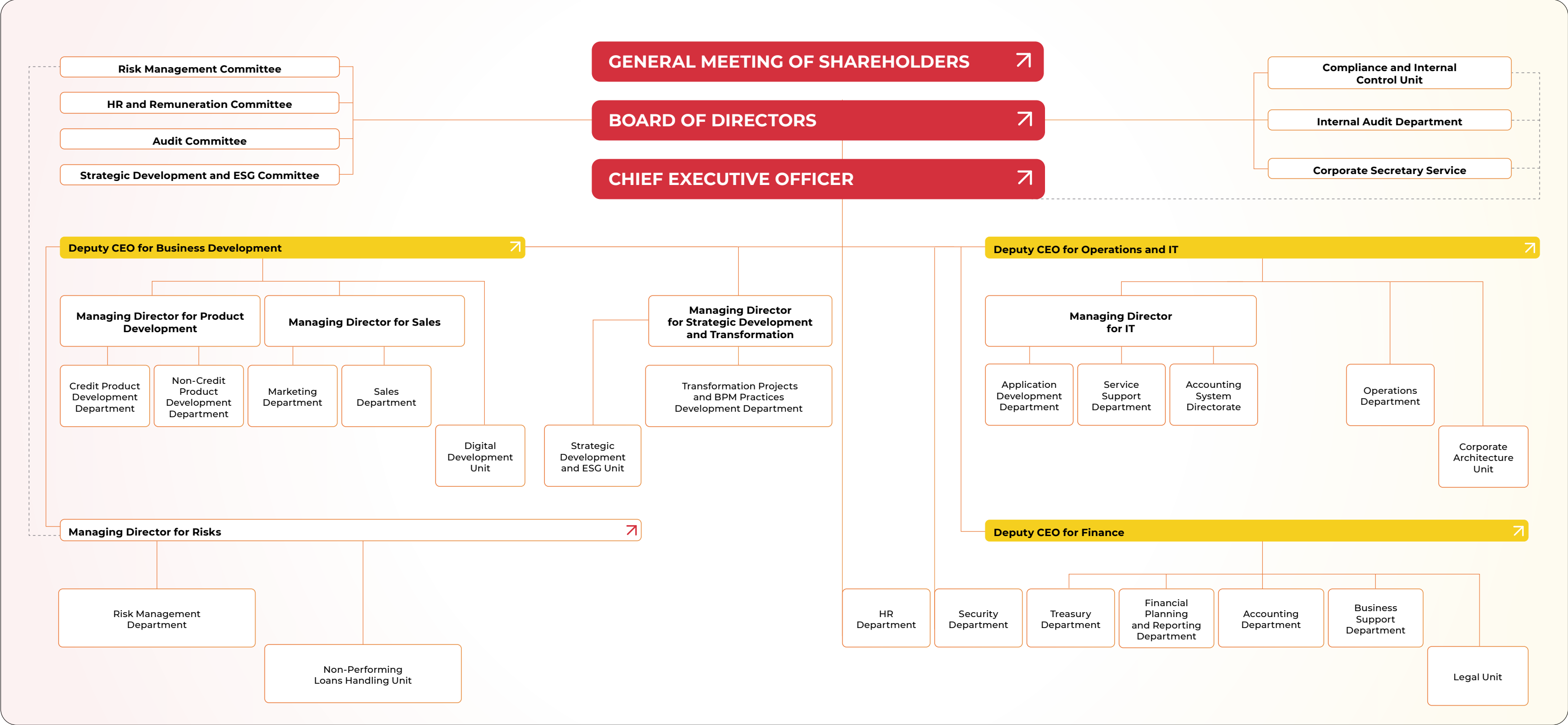
Management Board

Management Board





Organizational structure of KMF





Capital structure

The Company's authorized capital as of December 31, 2023, and December 31, 2024, amounted to 50,008,939,084 tenge. During the corporatization process, 50,008,939,084 ordinary shares were issued and fully paid up

by shareholders at a par value of 1 tenge per ordinary share. The structure of participation in the Company's capital changed as follows:

Participant/Shareholder	Ownership share as of December 31, 2023	Ownership share as of December 31, 2024
Corporate fund «KMF-Demeu»	60.435%	60.435%
MultiConcept Fund Management S.A	16.627%	9.900%
KAZ Finance B.V.	–	6.720%
Legal Owner Emerging Markets B.V.	–	6.720%
Triodos Funds B.V.	9.585%	6.224%
Triodos SICAV II	7.085%	3.725%
Management and employees of the Company	6.226%	6.226%
responsAbility SICAV (Lux)	0.042%	0.050%
Total	100%	100%

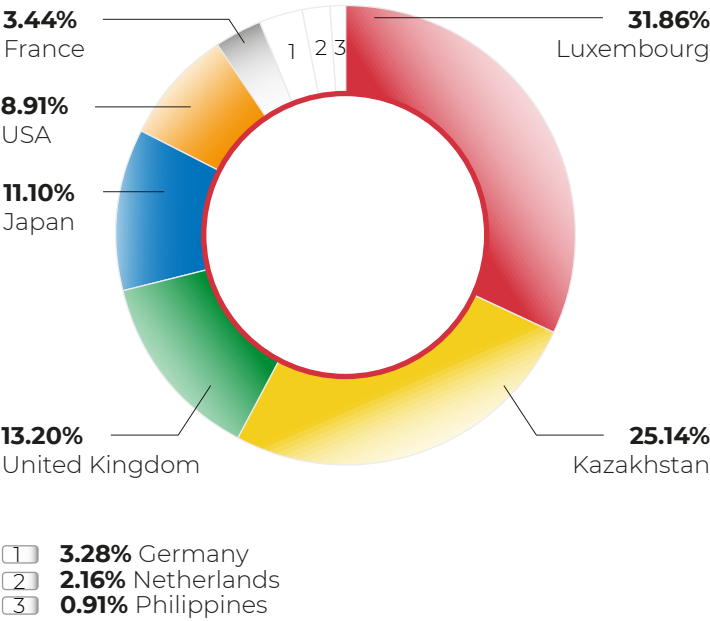
STRUCTURE OF LIABILITIES

25.14%

In the country structure of KMF liabilities as of the end of 2024, the share of Kazakhstani funding amounted to 25.14%.

The most significant amounts of funding were attracted in Luxembourg (31.86%) of the total amount for all countries, the United Kingdom (13.20%), and Japan (11.10%).

STRUCTURE OF LIABILITIES



DISTRIBUTION OF NET PROFIT

The distribution of the Company's net profit is carried out in accordance with the Company's Charter and the Procedure for the Distribution of Income approved by the General Meeting of Participants of KMF Microfinance Organization LLC (Minutes of the Decision dated February 12, 2018).

- The distribution of KMF's net profit is based on the following principles:
- strict observance of the rights of participants provided for by the current legislation of the Republic of Kazakhstan, the KMF Charter, its internal documents and best corporate governance practices;
 - balance of interests between KMF and participants when determining the amount of dividend payments;
 - increasing the investment attractiveness of KMF;
 - taking into account the interests of participants and maximizing the value of their assets;
 - maximizing the return on invested capital and, accordingly, the amount of net profit allocated to dividend payments;

- compliance with the restrictions established by the legislation of the Republic of Kazakhstan and the KMF Charter when making a decision (announcement) on the payment of dividends.

By the decision of the General Meeting of Participants dated November 10, 2023, based on the results of 2022, it was decided to distribute profits in the amount of 49,005,434 thousand tenge. Of this amount, 35,577,946 thousand tenge was allocated to increase the authorized capital, and 13,427,488 thousand tenge was paid to participants.

In 2024, no dividends were declared or paid based on the Company's performance.



THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (until May 30, 2024 – the General Meeting of Participants) is the highest governing body of Microfinance Organization KMF JSC, which makes decisions on the main issues of its activities.

During 2024, five meetings of participants and two meetings of shareholders were held, at which 23 issues were considered.

Date of holding	Type of meeting	Issues considered
January 15	General Meeting of Participants	<div><div></div>On the approval of the Transfer Deed of the Microfinance Organization KMF Limited Liability Company;</div> <div><div></div>On amendments and additions to the Memorandum of Association between the founders (shareholders) of the Microfinance Organization KMF Joint Stock Company;</div> <div><div></div>On the invalidation of the Rules on the Procedure for the Formation and Use of the Reserve Fund, approved by Resolution No. 5 of the General Meeting of Participants of the Company dated November 26, 2018.</div>
February 7	General Meeting of Participants	<div><div></div>On amendments and additions to the Charter of the Company.</div>
February 16	General Meeting of Participants	<div><div></div>On amendments and additions to the Memorandum of Association between the founders (shareholders) of the Microfinance Organization KMF Joint Stock Company;</div> <div><div></div>On the refusal of the Company to exercise its preemptive right to purchase the shares being sold by the following participants of the Company to a third party: MultiConcept Fund Management S.A., acting on its own behalf responsAbility Global Micro and SME Finance Fund; responsAbility SICAV (Lux), acting on behalf of its sub-fund responsAbility SICAV (Lux) Micro and SME Finance Leaders; Legal Owner Triodos Funds B.V., as the legal owner of Triodos Fair Share Fund; Triodos SICAV II, acting on behalf of and in the interests of its sub-fund Triodos Microfinance Fund.</div>
March 28	General Meeting of Participants	<div><div></div>On the approval of the Company's financial statements for 2023, certified by the external auditor Ernst & Young LLP;</div> <div><div></div>On the distribution of the Company's net income for the period from November 11 to December 31, 2023.</div>
May 27	General meeting of participants by correspondence	<div><div></div>On amendments and additions to the Company's microcredit lending rules.</div>
August 26	The General Meeting of Shareholders	<div><div></div>Approval of the Agenda of the General Meeting of Shareholders of «MFO «KMF» JSC;</div> <div><div></div>On the procedure for sending to the shareholders of KMF MFO JSC materials on the agenda items of the General Meeting of Shareholders;</div> <div><div></div>On determining the form and procedure for notification on convening the General Meeting of Shareholders of KMF MFO JSC;</div> <div><div></div>On approval of the Methodology for determining the value of shares at their repurchase and the procedure for repurchasing shares of KMF MFO JSC;</div> <div><div></div>Determination of the quantitative composition and term of office of the Board of Directors of KMF MFO JSC;</div> <div><div></div>Election of members of the Board of Directors of KMF MFO JSC;</div> <div><div></div>Determination of the amount and terms of payment of remuneration and reimbursement of expenses to the members of the Board of Directors of KMF MFO JSC;</div> <div><div></div>On voluntary reorganization in the form of conversion into the Bank;</div> <div><div></div>On approval of the Business Plan of the Bank for the next three years after obtaining a license to conduct banking and other operations;</div> <div><div></div>On approval of the Charter of KMF Bank JSC in a new version;</div> <div><div></div>Approval of the new version of the Rules for Microloan Provision of «MFO «KMF» JSC.</div> <div><div></div>On approval of the issue of attracting loans to the Bank.</div>
October 28	The General Meeting of Shareholders	<div><div></div>Approval of the Agenda of the General Meeting of Shareholders of «MFO «KMF» JSC;</div> <div><div></div>Election of the Chairperson of the Management Board of «MFO «KMF» JSC and determination of their term of office.</div>

SUPERVISORY BOARD

GRI 2-9, 2-11

The body responsible for general management of the Company's operations is the Board of Directors. Until May 30, 2024, a number of functions of the Board of Directors were performed by the Supervisory Board.

The Supervisory Board exercised control over the activities of the Management Board, acted in the interests of KMF and its participants, and was accountable to the General Meeting of Participants of the Company. Members of the Supervisory Board were elected by the General Meeting of KMF in the amount of not more than seven

people for a period of two years with the right to (further) re-election. The requirements for candidates for members of the Supervisory Board complied with the provisions of Laws of the Republic of Kazakhstan dated April 22, 1998 No. 220-І “On limited and additional liability partnerships” and dated November 26, 2012 No. 56-V “On microfinance activities”, as well as the Charter of the Company.

From January 1 to May 30, 2024, the Supervisory Board had five members, including the Chairperson and members of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD OF KMF IN THE PERIOD FROM JANUARY 1 TO MAY 30, 2024

Gulnara Shamshiyeva	Chairperson of the Supervisory Board
Geoffrey Morris Chalmers	member of the Supervisory Board
Joachim Bald	member of the Supervisory Board
Philipp Georg Pott	member of the Supervisory Board
Andrew Pospelovsky	member of the Supervisory Board

BOARD OF DIRECTORS

GRI 2-9, 2-10, 2-11, 2-17, 2-18, 405-1

The Board of Directors is a management body of the Company and carries out general management of its activities, except for issues referred by the legislation of the Republic of Kazakhstan and the Charter of the Company to the competence of the General Meeting of Shareholders. The Board of Directors reports to the General Meeting of Shareholders and exercises general management of its activities, as well as control over the activities of the Management Board. The activity of the Board of Directors is based on the principles of legality and compliance with relevant regulatory requirements, efficiency and responsibility, maximum observance and realization of interests and protection of their rights.

The composition of the Company's Board of Directors is formed by election at the General Meeting of Shareholders, and its members must meet the requirements for the management staff of a microfinance organization in accordance with the Law on Microfinance Activities and the laws of the Republic of Kazakhstan.

Only an individual may be a member of the Board of Directors. Delegation of their powers and duties to third parties is not allowed. Election of members of the Board of Directors is carried out by cumulative voting using ballots, except for cases when only one candidate applies for one position on the Board. Members of the Board of Directors need not be shareholders of the Company. At the same time, employees of the Company, as well as members of the executive body may not be elected to the Board of Directors.

The quantitative composition of the Board of Directors shall be determined by the General Meeting of Shareholders and the Charter, but may not be less than three (3) persons elected for a term of three (3) years with the right to be re-elected (thereafter) any number of times, subject to restrictions established by the laws of the Republic of Kazakhstan. At least thirty percent of the composition of the Board of Directors of the Bank shall be independent directors.

As part of efforts to improve the quality of corporate oversight, an initiative to introduce a process of regular external evaluation of the Board of Directors' performance is being considered. The evaluation will be conducted at least once every three years with the involvement of independent experts. The purpose of the evaluation is to obtain objective feedback and identify key areas for further improvement of the performance of the Board and its Committees.

COMPOSITION OF THE BOARD OF DIRECTORS OF KMF AS AT 31 DECEMBER 2024

Full name	Position	Length of service on the KMF Board of Directors
Gulnara Shamshiyeva	Chairperson of the Board of Directors	10 years 4 months on the Board of Directors
Joachim Bald	Member of the Board of Directors	6 years 4 months on the Board of Directors
Philipp Georg Pott	Member of the Board of Directors	9 years 4 months on the Board of Directors
Andrew Pospelovsky	Member of the Board of Directors	3 years 4 months on the Board of Directors
Constantine Tsereteli	Member of the Board of Directors, Independent Director	4 month
Olena Malynska	Member of the Board of Directors, Independent Director	4 month

In 2025, we plan to launch a Succession Plan for members of the Board of Directors and senior management of the Company. The plan will include:

- Clearly defined criteria for selecting candidates;
- A program to train and develop potential successors;
- Handover mechanisms to ensure sustainability of governance.

This step is aimed at ensuring the long-term stability and manageability of the Company's operations.

As of December 31, 2024, the Board of Directors had 6 members, including two independent directors. The share of women on the Board of Directors is 33.3%.



Gulnara Shamshiyeva

Career summary:

- 2014 – till present: «MFO «KMF» JSC, Chairperson of the Board of Directors, member of the Strategic Planing and Sustainable Development (ESG) Committee, Audit Committee, Nominations and Remuneration Committee;
- 2018 – till present: Kyrgyz Investment and Credit Bank CJSB, Kyrgyzstan, member of the Management Board;
- 2001–2017: Bai Tushum Bank OJSC, Kyrgyzstan, CEO;
- 2001: Bai Tushum Microfinance Fund, Kyrgyzstan, Internal Auditor;
- 1996–2002: USAID program of monetization and establishment of credit associations in Kyrgyzstan, Osh region, Accountant;
- 1995–1996: Tax Police of Osh region, Kyrgyzstan, Head of the General Department;
- 1992–1995: Prosecutor's Office of Osh region, Kyrgyzstan, Technical Secretary;
- 1983–1992: Consumer Cooperation of Osh region, Kyrgyzstan, Process Engineer

Education:

- 1983: Frunze Polytechnic Institute, Kyrgyzstan;
- 1995: Kyrgyz National State University, Kyrgyzstan.



Joachim Bald

Career summary:

- 2018 – till present: EFA Group, Singapore, Director of FIDEF (Financial Institutions Development Fund);
- 2014 – till present: «MFO «KMF» JSC, Kazakhstan, member of the Board of Directors, member of the Risk Committee, Nominations and Remuneration Committee, Strategic Planning and Sustainable Development (ESG) Committee;
- 2003 – till present: Bai Tushum Bank OJSC, Kyrgyzstan, member of the Board of Directors;
- 2004 – till present: Frankfurt School of Finance and Management, Germany, Consultant, Trainer, Lecturer;
- 2004 – till present: home office in Oregon, USA, self-employed development finance consultant and trainer.
- 2001–2004: Deutsche Boerse Systems Inc., Chicago, Illinois, USA, Vice President and General Director;
- 1999–2001: Deutsche Börse Systems AG, Frankfurt, Germany, IT Project Manager;
- 1995–1999: Oregon State University, Corvallis, Oregon, USA, Head of International Internship Programs, Lecturer in Finance;
- 1990–1995: Commerzbank AG, Frankfurt, Germany, Assistant Regional Manager for CIS countries.

Education:

- 1989: Dortmund University, Germany, certified economist;
- 1994: Ruhr-Universität Bochum, Germany, PhD in Economics.



**Philipp
Georg
Pott**

Career summary:

- ♥ **2015 – till present:** «MFO «KMF» JSC, Kazakhstan, member of the Board of Directors, member of the Strategic Planning and Sustainable Development (ESG) Committee, Audit Committee;
- ♥ **2014 – till present:** I.D. Inspiring Development GmbH, Frankfurt, Germany, Managing Partner;
- ♥ **2013–2014:** SME Bank JSC, Freelance Consultant;
- ♥ **2011–2012:** ProCredit Bank, Kyiv, Ukraine, Executive Director;
- ♥ **2011–2013:** ProCredit Academy, Fuerth, Germany, Managing Director;
- ♥ **2010–2013:** ProCredit Holding, Frankfurt, Germany, Head of Business Development Group;
- ♥ 2006–2010: ProCredit Bank, Tbilisi, Georgia, Executive Director;
- ♥ **2005–2006:** ProCredit Bank, Kyiv, Ukraine, Executive Retail Manager.
- ♥ **2003–2005:** ProCredit Bank, Chisinau, Moldova, Executive Director;
- ♥ **2001–2003:** Micro Enterprise Credit (MEC), Chisinau, Moldova, Branch Advisor and Regional Development Coordinator;
- ♥ **2001:** Internationale Projekt Consult (IPC), Frankfurt, Germany, Consultant.

Education:

- ♥ **2000:** University of Basel, Switzerland, Master (Licentiate in Philosophy) in Eastern European History
- ♥ **2005:** University of Basel, Switzerland, PhD in Philosophy



**Andrew
Pospelovsky**

Career summary:

- ♥ **2021 – till present:** Yelo Bank, Azerbaijan, member of the Supervisory Board, Chairperson of the Risk Committee;
- ♥ **2021 – till present:** Opportunity Banka, Serbia, Chairperson of the Supervisory Board, member of the Audit Committee;
- ♥ **2019 – till present:** Credo Bank, Georgia, member of the Supervisory Board, member of the Risk Committee and the Strategic Planning and Sustainable Development (ESG) Committee;
- ♥ **2018 – till present:** Bank Lviv, Ukraine, Chairperson of the Supervisory Board, member of the Audit Committee;
- ♥ **2015 – till present:** «MFO «KMF» JSC, Kazakhstan, member of the Board of Directors, member of the Risk Committee, Strategic Planning and Sustainable Development (ESG) Committee;
- ♥ **2012–2019:** World Bank Group, Senior Microfinance Specialist (short-term consultant);
- ♥ **2010–2019:** AccessBank Tajikistan CJSC, member of the Supervisory Board and the Audit Committee;
- ♥ **2006–2012:** AccessBank Azerbaijan CJSC, CEO;
- ♥ **2000–2006:** DAI Europe, London, Bank Consultant, Team Leader;
- ♥ **1999–2000:** Delegation of the European Union, Moscow, Head of the EU project on capacity development in the field of election monitoring;
- ♥ **1998–1999:** Highlife Ltd, London, Emerging Markets Analyst.

Education:

- ♥ **1986:** University of Western Ontario, Canada;
- ♥ **1990:** University of London, UK;
- ♥ **1999:** University of London, UK, Ph.D.



**Constantine
Tsereteli**

Career summary:

- ♥ **2024 – till present:** member of the Board of Directors, Independent Director of the Microfinance Organization «KMF» JSC, Chairperson of the Risk Committee, Chairperson of the Strategic Planning and Sustainable Development (ESG) Committee;
- ♥ **2022 – till present:** Kindzmarauli Corporation CJSC, Georgia, independent director of the Supervisory Board;
- ♥ **2020–2022:** Asakabank CJSC, Uzbekistan, independent director of the Supervisory Board;
- ♥ **2017–2021:** Kompanion Bank CJSC, Kyrgyzstan, independent director of the Board of Directors;
- ♥ **2019–2020:** Association of Belarusian Banks, Belarus, member of the Supervisory Board;
- ♥ **2009–2020:** Belaruski Narodny Bank OJSC, Belarus, General Director;
- ♥ **2009–2009:** Belaruski Narodny Bank OJSC, Belarus, Head of Strategic Development;
- ♥ **2008–2009:** Georgian Cart Holdings CJSC, Member of the Supervisory Board;
- ♥ **2007–2009:** Bank of Georgia CJSC, Co-Chair of Retail Banking;
- ♥ **2006–2007:** Bank of Georgia CJSC, Head of Strategic Development;
- ♥ **2001–2006:** Constanta Foundation, Deputy Director/ Head of Marketing, Sales, and Communications Department;
- ♥ **2000–2001:** World Vision Georgia, Program Officer, Program Coordinator;
- ♥ **1997–1998:** Multiple Aid Georgia (MAG) International Foundation, Project Manager;
- ♥ **1997:** Ministry of Finance of Georgia, Tbilisi, Georgia, Assistant to the European Commission's team of auditors and experts.

Education:

- ♥ **2002:** Legal Studies, Tbilisi State University, Georgia;
- ♥ **1999:** Postgraduate Studies in Theology, Oxford University, UK (scholarship from the British Council and St. Andrew's Fund);
- ♥ **1996:** Medieval Studies, Central European University, Budapest, Hungary (scholarship from the Soros Open Society Foundation);
- ♥ **1998:** Postgraduate studies in classical Georgian literature, Tbilisi State University, Georgia;
- ♥ **1994:** Georgian language and literature, Tbilisi State University, Georgia.



Olena Malynska

Career summary:

- ♥ **2024 – till present:** Member of the Board of Directors, Independent Director of Microfinance Organization «KMF» JSC, Chairperson of the Audit Committee, Chairperson of the Nominations and Remuneration Committee, and Member of the Strategic Planning and Sustainable Development (ESG) Committee;
- ♥ **2023 – till present:** Ukrainian Postal Service JSC, independent member of the Board of Directors, Deputy Chairperson of the Audit Committee;
- ♥ **2024 – till present:** Rozetka Group (Ukraine), Senior Advisor;
- ♥ **2023 – till present:** Women on Boards (Ukraine), Co-founder and Co-chair;
- ♥ **2023 – till present:** Etex Group (International), Senior Advisor;
- ♥ **2022 – till present:** Global Fund for Widows (USA), independent member of the Board of Directors;
- ♥ **2021–2022:** Women Political Leaders (Iceland), CEO;
- ♥ **Apr. 2021 – June 2021:** Oschadbank (Kyiv, Ukraine), Chief Transformation Officer, Deputy CEO;
- ♥ **2020–2022:** Babiy Yar Holocaust Memorial (Ukraine), member of the Audit Committee;
- ♥ **2020–2024:** Pechersk International School (Ukraine), Deputy Chairperson of the Board of Directors, member of the Finance and Risk, Nominations and Succession Committees;

- ♥ **2014–2020:** Independent Association of Ukrainian Banks, Deputy Chairperson of the Supervisory Board;
- ♥ **2014–2020:** Credit Dnepr Bank (Ukraine), CEO;
- ♥ **2010–2013:** EnergoBank (Ukraine), CEO;
- ♥ **2006–2009:** Alpha-Bank (Ukraine), Chief Financial Officer;
- ♥ **2003–2006:** ProCredit Bank (Ukraine), Chief Financial Officer;
- ♥ **1998–2002:** Arthur Andersen (USA; Ukraine), Audit Manager / Senior Auditor / Auditor.

Education:

- ♥ **2024:** Program for Presidents on Leadership, Entrepreneurship, Finance, Strategy, Harvard Business School;
- ♥ **2022:** Certificate in Corporate Governance, INSEAD, France;
- ♥ **2013:** Candidate of Economic Sciences, Cherkasy State University, Ukraine;
- ♥ **2006:** Bachelor of Law, Taras Shevchenko National University of Kyiv, Ukraine;
- ♥ **1998:** MBA, Taras Shevchenko National University of Kyiv, Ukraine;
- ♥ **2003:** CPA;
- ♥ **1997:** Erasmus Program, School of Economics and Management, Lund University, Sweden.

COMMITTEES OF THE BOARD OF DIRECTORS

GRI 2-9

Four committees have been established under the Board of Directors to preliminarily review the most important issues within the Board of Directors' competence and prepare recommendations for decision-making on such issues.

- ♥ Audit Committee;
- ♥ Nominations and Remuneration Committee;
- ♥ Risk Committee;
- ♥ Strategic Planning and Sustainable Development (ESG) Committee.

The work of the Committees is governed by internal documents approved by the Board of Directors. These documents define the composition of the Committees, their powers, the procedure for their formation, rules of operation, and the rights and obligations of Committee members. Committee meetings are usually held in person. In some cases, they may be held online (via videoconference).

COMPOSITION OF THE BOARD OF DIRECTORS' COMMITTEES AS OF DECEMBER 31, 2024

Full name	Position	Nominations and Remuneration Committee	Audit Committee	The Risk Committee	Strategic Planning and Sustainable Development (ESG) Committee
Gulnara Shamshiyeva	Chairperson of the Board of Directors	+	+		+
Constantine Tsereteli	Member of the Board of Directors, Independent Director			+	+
Olena Malynska	Member of the Board of Directors, Independent Director	+	+		+
Joachim Bald	Member of the Board of Directors	+			+
Philipp Georg Pott	Member of the Board of Directors		+	+	+
Andrew Pospelovsky	Member of the Board of Directors			+	+

AUDIT COMMITTEE

In 2024, the Committee consisted of three members, including Independent Director Olena Malynska, Chairperson of the Committee. The main objective of the Audit Committee is to increase confidence in the integrity of the Company's internal control, corporate and financial reporting processes and procedures, including the development of recommendations to the Board of Directors on internal audit matters, the development of measures to improve the Company's

long-term performance, compliance with the legislation of the Republic of Kazakhstan, as well as other matters. The main functions of the Committee include:

- ♥ Reviewing material aspects of the Company's accounting policies;
- ♥ Participating in the consideration of significant issues and judgments with respect to financial reporting;
- ♥ Overseeing non-financial reporting, including the sustainability report.



The Audit Committee held two in-person meetings between September 9 and December 31, 2024. Within the scope of its competence, the Committee reviewed seven topics and provided appropriate recommendations for approval by the Board of Directors. Among the topics considered were internal documents of the Internal Audit Department and a report on its activities, as well as determination of the amount of payment for the external audit organization's services for the audit of the Company's financial statements.

THE RISK COMMITTEE.

In 2024, the Committee consisted of three members, including Independent Director Constantine Tsereteli, Chairperson of the Committee. The Committee is a permanent body of the Board of Directors and was established to improve the efficiency of the risk management system, as well as to prepare recommendations for the Board of Directors on risk management issues, including the development of measures to promote sustainable development and improve the Company's performance in the long term. Within its competence, the Risk Committee performs the following functions:

- ♥ Promoting the creation of an effective risk management system;
- ♥ Ensuring regular monitoring of the risk management system and preparing recommendations for the Board of Directors;
- ♥ Participating in assessing the effectiveness of the existing internal control and risk management systems;
- ♥ Participating in the development of measures to reduce and minimize potential risks.

Three in-person meetings of the Risk Committee were held between September 9 and December 31, 2024. Thirteen issues were considered at the meetings, on which the Committee provided recommendations for approval by the Board of Directors. At its meetings, the Committee reviewed the Company's internal documents on risk management and compliance, reports on risk and compliance function management, limits on counterparties, analysis of data on parallel indebtedness of borrowers by each loan product, status of compliance with IFC covenants, as well as discussed issues of ensuring the Company's internal control system.

NOMINATIONS AND REMUNERATION COMMITTEE

In 2024, the Committee consisted of three members, including Independent Director Olena Malynska, Chairperson of the Committee. The main task

of the Nominations and Remuneration Committee of the Board of Directors is to make recommendations to the Board of Directors on HR and social policies, the system of nominations and remuneration, including members of the Board of Directors and the Management Board. The Committee also makes recommendations on candidates to the Board of Directors and the Management Board, on the system for evaluating the performance of the Board of Directors as a whole and on evaluating the performance of members of the Management Board and other employees reporting to the Board of Directors. In addition, the Committee considers issues related to the improvement of ethical standards aimed at developing the Company's corporate culture, including the development of measures to improve the effectiveness of activities on these issues in the long term.

The Committee monitors and analyzes the implementation of decisions of the Company's Board of Directors within the Committee's competence.

In the period from September 9 to December 31, 2024, the Committee held two in-person meetings, at which it considered six issues and developed recommendations for the Board of Directors. The Committee's meetings considered issues related to the Company's internal documents concerning structural subdivisions, KPI system for the Management Board, election of the Chairperson of the Management Board and their powers.

STRATEGIC PLANNING AND SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE.

At the end of the reporting period, it consisted of six members, of whom two were independent directors, including the Committee's Chairperson, Constantine Tsereteli. The purpose of the Committee is to make recommendations to the Board of Directors on strategic planning, budgeting and sustainable development (ESG), including the development of measures to improve the efficiency and sustainability of the Company's operations in the long term. The Committee held two in-person meetings between September 9 and December 31, 2024, at which it reviewed seven issues and prepared recommendations for consideration by the Board of Directors based on the results of its review. The Committee discussed such issues as consideration of internal corporate governance documents and the General Meeting of Shareholders of the Company, the Report on Budget Execution and the concept of the Strategy until 2027.

Management Board

GRI 405-1

The Management Board is a collegial executive body of KMF, representing a key link in the corporate governance structure. It manages the Company's day-to-day operations within the competence not attributed to the exclusive competence of the Board of Directors and the General Meeting of Shareholders in accordance with the laws of the Republic of Kazakhstan and the KMF Charter.

The Management Board manages the day-to-day operations of the Bank in accordance with the selected business model, scale of operations, types and complexity of operations, risk profile, and internal regulations approved by the Board of Directors.

The Management Board is responsible for ensuring the realization and protection of shareholders' rights, ensuring the implementation of the strategy, compliance with procedures, processes and policies approved by the Board of Directors.

The Management Board consists of the Chairperson, his/her deputies and/or other members. The number of members may vary from three to seven. Members of the Management Board shall meet the requirements set by the legislation of the Republic of Kazakhstan to the management employees of a financial organization.

The Chairperson of the Management Board shall be elected from among the members of the Management Board by the General Meeting of Shareholders. The other members are elected by the Board of Directors for a term of up to three years with the possibility of reappointment without limiting the number of terms.

Meetings of the Management Board of the Company are held on the initiative and chaired by the Chairperson of the Management Board. Meetings are convened as necessary for prompt consideration of issues of the Company's current activities.

The quorum of the meeting shall be considered to be reached when at least half of the total number of members of the Management Board participates. Decisions are made by simple majority of votes of those present. In case of equality of votes, the vote of the Chairperson of the Management Board is decisive.

This procedure ensures efficiency and promptness of management decisions while observing the principles of collegiality and responsibility.

As of December 31, 2024, the Management Board had 4 members. The proportion of women on the Executive Board is 50%, reflecting KMF's commitment to gender balance and equal opportunities.

In 2024, a total of 154 meetings of the Management Board were held, at which 187 issues were considered. Issues on the Company's core business, including management reporting, business development and support, on procedural issues of the Company's operations were discussed, and decisions of the Committees were approved.

COMPOSITION OF THE KMF MANAGEMENT BOARD AS AT DECEMBER 31, 2024	
Shalkar Zhussupov	CEO
Karlygash Raikhanova	Deputy CEO
Olga Yugay	Deputy CEO
Dmitry Larin	Deputy CEO



**Shalkar
Zhussupov**

Career summary:

- ♥ **2015 – till present:** KMF MFO JSC, CEO;
- ♥ **2007–2015:** KazMicroFinance MCC LLC, CEO;
- ♥ **2008–2011:** KMF-Demeu Corporate Fund, CEO;
- ♥ **2006–2008:** KLF Corporate Fund, CEO;
- ♥ **2001–2006:** Kazakhstan Loan Fund CF, CEO;
- ♥ **1997–2001:** Kazakhstan Communities Loan Fund, Chief Accountant, Program Director.

Education:

- ♥ **1994:** Kazakh State Academy of Architecture and Civil Engineering, Kazakhstan, civil engineer;
- ♥ **1997:** Market Institute at the Kazakh State Academy of Management, economist.



**Karlygash
Raikhanova**

Career summary:

- ♥ **2012 – till present:** KMF MFO JSC, Deputy CEO;
- ♥ **2007–2012:** Kazakhstan Communities Loan Fund CF, KazMicroFinance MCC LLC, Manager of Treasury Section, Managing Director, Director of Treasury and Risk Management Department;
- ♥ **1998–2007:** Kazakhstan Communities Loan Fund CF, Credit Inspector, Program Director Deputy, Manager of Taldykorgan and Taraz Branches, Investment Manager.

Education:

- ♥ **2002:** Zhetysu Institute of Economics, Financial Economist;
- ♥ **2011:** Kazakhstan Institute of Management, Economics and Strategic Research, Master of Business Administration.



**Olga
Yugay**

Career summary:

- ♥ **2021 – till present:** KMF MFO JSC, Member of the Management Board, CFO, Deputy CEO;
- ♥ **2012–2021:** KMF MFO LLC, Chief Accountant, CFO;
- ♥ **2011–2012:** Tsentraudit-Kazakhstan NAC JSC, Almaty, Chief Specialist;
- ♥ **2004–2011:** Accounting and Audit LLP, Almaty, CFO / Chief Accountant;
- ♥ **2003–2004:** Sunkar Agro-Industrial Concern LLP, Almaty, Accountant.

Education:

- ♥ **2000:** Almaty Institute of Energy and Communications, engineer-economist;
- ♥ **2002:** Kazakh State University, lawyer;
- ♥ **2003:** Institute of Energy and Communications, postgraduate study.



**Dmitry
Larin**

Career summary:

- ♥ **2024 – till present:** KMF MFO JSC, Member of the Management Board, Deputy CEO;
- ♥ **2023–2024:** Consultant on private start-up initiatives in the field of payments and securities transactions;
- ♥ **2021–2023:** RCB Bank Ltd, Limassol, Advisor to the First Deputy CEO;
- ♥ **2019–2021:** CQUR Bank LLC, Doha, Chief Operating Officer;
- ♥ **2016–2019:** RCB Bank Ltd, Luxembourg, Head of the Luxembourg Branch;
- ♥ **2013–2014:** M2M Private Bank, Moscow, Chief Operating Officer / Deputy Chairperson of the Management Board;
- ♥ **2010–2013:** RCB Bank Ltd, Limassol, Chief Operating Officer;
- ♥ **1995–2010:** Absolut Bank, Moscow, Chief Operating Officer / Deputy Chairperson of the Management Board.

Education:

- ♥ M.V. Lomonosov Moscow State University, Master of Law;
- ♥ Moscow State Automobile and Road Technical University, Master of Engineering and Economics.



Remuneration of executive employees

GRI 2-19, 2-20, 2-21

The remuneration of members of the Board of Directors and the Management Board is determined by the Nominations and Remuneration Committee, which consists of members of the Board of Directors. The Committee ensures the development of policies on remuneration, cash bonuses, compensation, and other types of material incentives for senior management. All decisions on remuneration are made with a view to preventing conflicts of interest. If necessary, external consultants are engaged to ensure that compensation is at market levels.

In 2024, the total amount of remuneration paid to 12 key management personnel, including tax payments and other deductions, amounted to 1,326,299 thousand tenge. The significant increase in the amount of remuneration paid to the Management Board in 2024 compared to the previous period is due to non-recurring compensation payments resulting from the termination of employment relationships with two Deputy Chairs of the Management Board.

REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL

	2022	2023	2024
Key management personnel	585,794	842,434	1,326,299
including:			
– Supervisory Board / Board of Directors	81,214	130,499	177,564
– Management Board	504,580	711,935	1,148,735

Compliance control

During the reporting year, the Compliance and Internal Control Unit (the “Compliance Unit”) carried out appropriate work in two main areas as part of KMF’s microfinance activities and the process of transforming KMF into a bank:

♥ Internal control over countering the legalization (laundering) of proceeds from crime and terrorist financing (the “AML/CFT”), which ensures KMF’s compliance with the requirements of the Law

of the Republic of Kazakhstan “On Combating the Legalization (Laundering) of Proceeds from Crime and the Financing of Terrorism” (the “AML/CFT Law”) and international FATF standards;

♥ Compliance risk management, including legal compliance, which ensures KMF’s compliance with the requirements of the legislation of the Republic of Kazakhstan and international standards governing KMF’s activities.

As part of KMF’s microfinance activities under the AML/CFT internal control system, the Compliance Unit carried out the main work on compliance with the requirements of the AML/CFT legislation of the Republic of Kazakhstan and KMF’s internal regulations governing AML/CFT activities for MFIs:

- ♥ **Customer identification program.** The Compliance Unit conducted a proper verification of the client (their representative) and their beneficial owner in accordance with the requirements of the AML/CFT legislation of the Republic of Kazakhstan and KMF’s internal regulations governing AML/CFT activities. The client (their representative) and their beneficial owner were also verified for presence on international sanctions lists (an automatic verification process is in place);
- ♥ **Client transaction monitoring and review program.** The Compliance Unit carried out appropriate work to analyze customer transactions in accordance with the requirements of the AML/CFT legislation of the Republic of Kazakhstan and KMF’s internal regulations governing AML/CFT activities;
- ♥ **The program for training and instructing KMF employees on Anti-money Laundering and Combating the Financing of Terrorism issues.** The Compliance Unit periodically conducted training

- courses and testing for KMF employees on their knowledge of the requirements of the AML/CFT legislation of the Republic of Kazakhstan and KMF’s internal regulations governing AML/CFT activities;
- ♥ **The program for managing the risk of money laundering and financing of terrorism.** The Compliance Unit conducted an analysis and assessment of KMF’s exposure to AML/CFT risks, including customer risk analysis, and notified the Management Board and the Board of Directors thereof.
 - ♥ **The program of organization of the internal control for AML/CFT purposes.** The Compliance Unit monitored changes in the AML/CFT legislation of the Republic of Kazakhstan in a timely manner and updated KMF’s internal regulations to comply with the requirements of the AML/CFT legislation of the Republic of Kazakhstan and KMF’s internal regulations governing AML/CFT activities.



As part of the transformation into KMF Bank, the Compliance Unit carried out the following work to ensure KMF's compliance with the requirements of the legislation of the Republic of Kazakhstan, including the Law on AML/CFT and KMF's internal regulations governing the Bank's activities. The Compliance Unit carried out the following activities in relation to the internal AML/CFT control system for the bank:

- ♥ Developed internal regulations on AML/CFT issues for the internal AML/CFT control system for the bank, in accordance with the requirements of the AML/CFT legislation of the Republic of Kazakhstan and Resolution No. 188¹;
- ♥ Implemented an automated AML system that allows for automated screening of the entire customer base against blacklists and international sanctions lists, calculating customer risk levels, identifying threshold and suspicious transactions for further analysis and referral to the competent authority;
- ♥ Conducted training for KMF employees on the requirements of the AML/CFT legislation of the Republic of Kazakhstan and KMF's internal regulations governing AML/CFT activities for the bank.

Internal audit

GRI 2-16

Due to the expansion of the Company's business, in January 2024, the Internal Audit Office was transformed into the Internal Audit Department (the "IAD"). The IAD is an independent structural subdivision reporting to the Board of Directors. The IAD conducts independent, comprehensive assessments of the effectiveness of the Bank's corporate governance, internal control, and risk management systems and is authorized to provide objective assurances, opinions, forecasts,

The Compliance Unit carried out the following main activities **under the compliance risk management system, including legal compliance:**

- ♥ legal monitoring of the legislation of the Republic of Kazakhstan and timely notification of interested structural subdivisions about changes in the legislation of the Republic of Kazakhstan regulating the activities of banks;
- ♥ participation in the coordination of draft internal regulations/business processes for compliance with the requirements of the legislation of the Republic of Kazakhstan regulating the activities of banks;
- ♥ verification of business processes/transactions for conflicts of interest.
- ♥ draft internal regulations were prepared for the bank on the compliance risk management system for the bank, in accordance with the requirements of Resolution No. 188;
- ♥ draft internal regulations, products/services and business processes of KMF for the Bank were analyzed and agreed upon;
- ♥ requirements for the Bank's business processes were developed and relevant training was provided to KMF employees on the regulatory requirements of the banking legislation of the Republic of Kazakhstan;
- ♥ internal control elements for compliance risk management were implemented for the Bank.

and recommendations to the Board of Directors, the Audit Committee of the Board of Directors, and the Management Board. The Department's activities are aimed at minimizing risks, improving the efficiency of internal processes, and successfully achieving the Company's strategic goals.

In its activities, the IAD is guided by the legislation of the Republic of Kazakhstan, International Standards for Internal Auditing, the Charter, the Regulation on IAD,

and other internal regulations of the Company.

The Department's employees regularly undergo advanced training courses, and some of them have international CIA, CRMA, PMI-RMP, and DipPIA certificates.

The IAD uses a risk-based approach when developing its plans and actions. During the reporting year, the IAD fully implemented the approved Annual Audit Plan, conducting audits in a number of the Company's branches and internal processes. The processes covered (including, but not limited to) were: the debt ratio calculation management process, the procurement process, the process of lending to small and medium-sized businesses, the process of working with non-performing loans, the process

of accounting for fixed assets, the process of access management, the process of managing IT events and incidents, and the process of controlling leaks of confidential information.

The results of the audits are regularly discussed with the subdivisions that were audited and with the Company's management. Based on the results of the audits, corrective action plans are developed as necessary, and their implementation is monitored by the IAD, with subsequent reporting to the Management Board, the Audit Committee, and the Board of Directors. Based on the results of audits conducted during the reporting year, a total of more than 300 measures were developed to improve risk management and internal control systems.

Reports on the activities of the Internal Audit Department, containing key information on the implementation of audit plans, audit results, and improvements to the internal audit methodology, are prepared quarterly and sent to the Audit Committee and the Board of Directors.

External audit

The selection of an external auditor to audit KMF's financial statements is carried out in accordance with the provisions of the Policy for the Selection and Rotation of External Auditors of Microfinance Organization KMF LLC, approved by the decision of the KMF Supervisory Board on June 18, 2020. The main principles of external auditor rotation are legality, continuity, transparency, consistency, and independence.

The audit of the Company's financial statements for 2024 was conducted by the audit organization Ernst & Young LLP, which has been the Company's auditor for 10 years. The auditor's remuneration for 2024 amounted to 73.7 thousand tenge, including VAT, of which 1.5% was for non-audit services.

Information on major transactions

During 2024, KMF Microfinance Organization JSC did not carry out any transactions recognized as major transactions in accordance with the legislation of the Republic of Kazakhstan and the Listing Rules of the Kazakhstan Stock Exchange (KASE), nor did it carry out any related party transactions.

¹ Resolution of the Management Board of the National Bank of the Republic of Kazakhstan No. 188 "On approval of the Rules for the formation of a risk management and internal control system for second-tier banks, branches of non-resident banks of the Republic of Kazakhstan" dated November 12, 2019



RESPONSIBLE BUSINESS CONDUCT



06

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Corporate ethics

GRI 2-15, 2-16, 2-25, 2-26

The Company has a Code of Business Ethics, which was adopted on October 27, 2020. The purpose of the Code is to develop a corporate culture by applying business practices to build effective relationships with all stakeholders.

The Code of Business Ethics reflects the vision and understanding of KMF employees and management of the principles of corporate business ethics and promotes effective interaction between employees within the Company.

The provisions of the Code are binding on all Company employees in the performance of their duties, in their relations with each other, with shareholders, customers, business partners, government authorities, the public, and other interested parties.

The objectives of adopting the Code are:

- ♥ The formation of a unified corporate culture based on high ethical standards;
- ♥ Creating an atmosphere of trust, mutual respect and honesty in the Company;
- ♥ Establishing the fundamental principles and norms of corporate and business ethics that should guide all employees of the Company, regardless of their position and status;
- ♥ Ensuring effective interaction with interested parties through the application of best corporate and business conduct practices.

The Code of Business Ethics covers the following aspects:

- ♥ Explanation of the mission and principles of interaction;
- ♥ Corporate ethics in relations with customers, colleagues, business partners, competitors, government agencies, and the public; attitude toward religion and the environment on the part of customers and employees;
- ♥ Conflict of interests;
- ♥ Appearance rules.

In its activities, the Company is guided by the following ethical principles:

- ♥ Towards customers (compliance with the principles of customer protection and standards of service);
- ♥ In relation to staff (transparent and objective attitude towards staff, social guarantees, etc.);
- ♥ In relation to society (compliance with the principles of ethical behavior and interaction with business partners and the community, compliance with legal requirements, responsibility to consumers of services);
- ♥ In relation to the environment (compliance with the principles of sustainable development and legal requirements, support of initiatives on environmental protection).

The Company has an Ethics Committee, an independent advisory body that reviews complaints related to violations of corporate ethics and employee rights. Complaints are reviewed confidentially, with mandatory reporting, analysis of causes, and proposals for corrective measures.

Available channels for submitting complaints and appeals:

➤ **immediate supervisor, branch/outlet managers;**

➤ **internal audit, operational risk, and security managers;**

✉ **Ethics Committee email:** ethica@kmf.kz

✉ **email:** doverie@kmf.kz;

☎ **Call-center:** 7474;

📱 **WhatsApp:** +7 701 801 7474;

✉ **General address:** doveriekmf@mail.ru;



KMF also provides for the pre-trial settlement of labor disputes through the work of a conciliation commission, created on a parity basis from representatives of the employer and employees. The commission considers employees' appeals on issues such as working conditions,

pay, disciplinary measures, etc. In its work, the commission is guided by the principles of neutrality, equal representation, confidentiality, efficiency, and mandatory enforcement of decisions.



Corruption counteraction

GRI 3-3, 205-2, 205-3

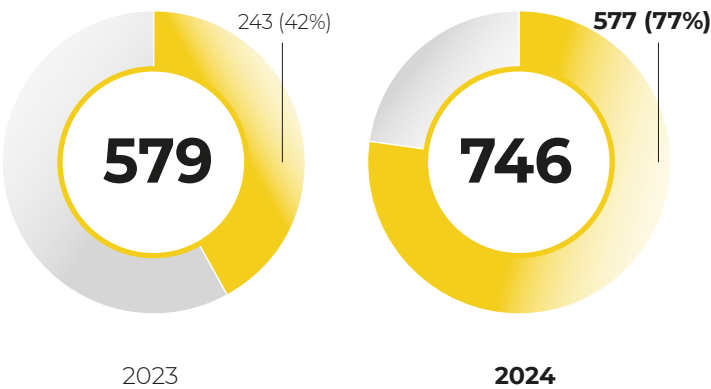
KMF strictly adheres to the principles of strict compliance with all requirements of the legislation of the Republic of Kazakhstan and imposes similar requirements on its business partners and customers. Prevention of corruption offenses is one of the priorities of the corporate policy pursued by the Company.

Each employee of the Company or any other person has the right to inform the Company in case of doubts about the legality of the actions of any of the employees of the Company in writing, by corporate e-mail or by phone. Obtaining information about a possible offense on the part of the Company's employees is the basis for an internal investigation.

Anti-corruption training is conducted on a regular basis and covers all Company employees. In addition, anti-corruption training is automatically assigned to new employees as part of the induction program. In 2024, 77% of new employees and 84% of new managers completed the training.

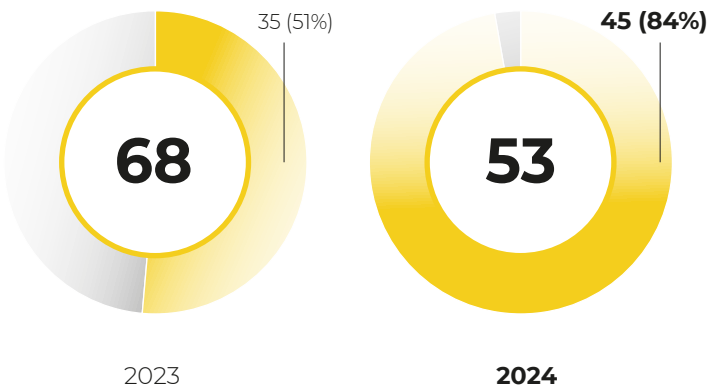
In 2023, the Company recorded one confirmed case of corruption involving an internal employee. Following the investigation, the employee was dismissed and prosecuted. As a result of the incident, the Company reviewed and strengthened its internal control procedures, including rules for access to and conduct of cash transactions. In 2024, no cases of corruption were recorded in the Company.

NUMBER OF NEW EMPLOYEES WHO COMPLETED ANTI-CORRUPTION TRAINING



Number of employees who completed training

NUMBER OF NEW MANAGERS WHO COMPLETED ANTI-CORRUPTION TRAINING



Number of management body members who have undergone training

Information Security

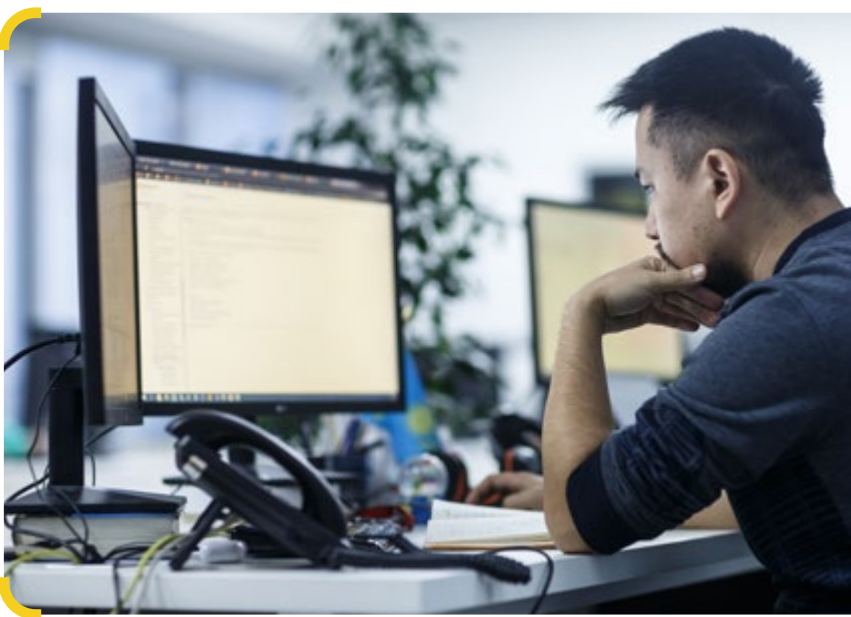
GRI 3-3, 418-1

KMF's activities are closely related to the processing and storage of information, including customer personal data. Ensuring the confidentiality and security of this data is one of the Company's key priorities.

To this end, KMF has an Information Security Policy, as well as an Information Security Manual, an Information Security Incident Management Manual, and other internal documents.

PRINCIPLES OF INFORMATION SECURITY

- 01 Legality
- 02 Systemic approach
- 03 Comprehensive approach
- 04 Continuity
- 05 Timeliness
- 06 Adequacy
- 07 Continuity
- 08 Flexibility
- 09 User-friendliness
- 10 Documentation
- 11 Awareness of information security culture and requirements
- 12 Knowledge of customers and employees



The Information Security Unit operates in accordance with the requirements of the legislation of the Republic of Kazakhstan and international standards.

KMF has implemented an information security management system based on the ISO series of international standards and has obtained PCI DSS compliance certificates confirming a high level of data protection.

To ensure access to information systems containing restricted personal data, the Company has implemented an automated access management system (IDM) based on a role model. This eliminates the possibility of employees having excessive rights. The access rights of dismissed employees are deactivated on the day of dismissal, with multi-stage control of all stages in the IDM system.



Privileged access is controlled using specialized information security tools, including PAM, DLP, and SIEM.

Particular attention is paid to protecting the external perimeter from cyber threats, and endpoint security is ensured through an XDR solution. Two-factor authentication has been implemented in all information systems with restricted access to personal data, and databases are encrypted.

Internal and external scans of the IT infrastructure are regularly conducted to identify and eliminate vulnerabilities. The Company has also implemented a secure software development process in accordance with the Secure SDLC methodology.

During the reporting period, there were no incidents confirming the leakage, theft, or loss of KMF customer personal data due to insufficient information security measures. No relevant complaints were received from customers.

Customer protection principles

KMF considers the protection of customer rights to be one of the unconditional priorities of its business model. In 2015, the Company became the first organization in Kazakhstan and the 31st in the world to receive the Smart Campaign certificate, which confirms the compliance of the Company's business processes and policies with the principles of social protection of clients.

The international Smart Campaign initiative was launched by the international non-profit organization Center for Financial Inclusion in 2009 and contains a set of standards and principles aimed at protecting MFI clients from receiving poor-quality financial services on inadequate terms. The Smart Campaign standards and principles are integrated into all KMF business processes.

IMPLEMENTATION OF SMART CAMPAIGN PRINCIPLES AT KMF

1. Proper product development and delivery	♥ We study customer needs when developing products (surveys, focus groups, in-depth interviews) and comply with standards when selling services.
2. Prevention of over-indebtedness	♥ This principle has been embedded in the Company's business model since its inception. We have our own methodology for assessing customer solvency in compliance with legal regulations, and we also conduct a full assessment of customer creditworthiness using data from the Credit Bureau.
3. Accountability	♥ As a socially oriented company, we provide customers with complete information about the terms of the loan before it is issued, and we use standards for familiarizing customers with the terms of the loan agreement.
4. Responsible pricing	♥ This principle implies a commitment to rationally determining the level of interest, which must be affordable for the customer and ensure the Company's sustainability.
5. Fair and respectful treatment of customers	♥ The Company has a Code of Ethics and corporate standards, a training and motivation system, and business processes that minimize violations of corporate ethics at all stages of customer service, including debt collection.
6. Confidentiality of customer data	♥ KMF guarantees confidentiality and secrecy of microloans at all stages of client relations thanks to advanced information systems, a training and motivation system for employees, and a constantly improving personal data protection system.
7. Complaint review and resolution mechanisms	♥ KMF has a customer feedback system in place, one of whose tasks is to receive and process customer complaints. Complaints can be submitted through 15 different channels, and each complaint is reviewed individually. One of the approved performance indicators of the Company is the percentage of customers who have submitted complaints. This indicator should not exceed 1% of the total number of active customers.
8. The management's commitment to customer protection and implementation in the HR system	♥ In order to prevent fraud and corruption, KMF takes corrective action if a risk assessment reveals an increase in the relevant risks. The Company regularly trains its employees on customer protection issues and evaluates and rewards employees based on social and financial criteria.



Economic performance

GRI 3-3, 201-1

KMF maintains a sustainable approach to the creation and distribution of economic value, contributing to the Company's financial stability and its socio-economic contribution to the development of the regions where it operates.

In 2024, KMF generated economic value of 97,728 million tenge, which is 15% higher than in 2023. The main part

of the income was net interest income after credit loss expenses of 49,518 million tenge.

The total amount of distributed economic value in 2024 amounted to 76,807 million tenge. Of this amount, 34,458 million tenge was allocated to operating expenses, including 24,455 million tenge for employee compensation. No dividends were paid during the reporting period.

ECONOMIC VALUE CREATED AND DISTRIBUTED, million tenge

Indicator	2023	2024
Direct economic value created	84,911	97,728
Net interest income after credit loss expenses	49,509	49,518
Net non-interest income	-5,021	-1,204
Distributed economic value	59,389	76,807
Operating expenses, including:	27,963	34,458
– Employee compensation, including social security contributions and payroll taxes	19,099	24,455
– Tax expenses other than corporate income tax	865	1,145
Corporate income tax expenses	3,311	2,818
Dividend payments to shareholders	13,427	0
Undistributed economic value	13,213	11,038

Undistributed economic value amounted to 11,038 million tenge.

Tax policy

GRI 207-1, 207-2, 207-3

KMF is a responsible taxpayer that fulfills its tax obligations in a timely and complete manner, conducts transparent activities, and maintains an open dialogue with tax authorities.

The Company's tax policy, approved by the Supervisory Board in 2018, is an important element of the financial management system, reflecting KMF's commitment to corporate responsibility. It covers key aspects

of tax accounting, systematization of taxable items, and calculation of taxes and mandatory payments.

The policy is reviewed in the event of changes to the Tax Code of the Republic of Kazakhstan, accounting and financial reporting legislation, international financial reporting standards, as well as when internal decisions affecting tax accounting are made.

The document is not publicly available, but is provided for review by all Company employees. The Deputy Chairperson and Chief Accountant are responsible for the implementation and compliance with the tax policy.

The Company has established a tax management structure, which includes a specialized subdivision responsible for tax accounting and conducting tax reviews of business projects and contracts. In addition, there is a separate subdivision that continuously monitors changes in tax legislation and participates in external events and discussions of government initiatives related to changes in the tax system of Kazakhstan.

The accuracy of tax calculations is ensured through a double control method and is confirmed annually by the results of an external audit. The internal audit service conducts an additional assessment of compliance with tax policy requirements and the effectiveness of the internal control system.

The Company strictly complies with the tax legislation of the Republic of Kazakhstan, as well as the provisions of international agreements, including the Multilateral Instrument (MLI), aimed at preventing tax base erosion and profit shifting.

When interacting with tax authorities, KMF adheres to the following principles:

- ♥ Transparency – providing reliable information, preparing tax reports in accordance with established standards;
- ♥ Proactive approach – participating in discussions on changes to tax legislation, engaging in dialogue with regulators on taxation issues;
- ♥ Risk-oriented approach – minimization of tax risks through internal control, tax compliance, and independent audits;
- ♥ Openness to interaction – cooperation during tax audits, prompt response to requests from tax authorities.

In 2024, income tax expenses amounted to 2,818 million tenge. Detailed information on the Company's tax liabilities is disclosed in the financial statements certified by an independent auditor, which provides additional transparency and allows stakeholders to review the details of tax payments.

KMF considers tax policy to be an integral part of sustainable development and corporate responsibility, contributing to business stability and the development of the regions in which the company operates.





Procurement and Supply Chain Management

GRI 2-6, 204-1

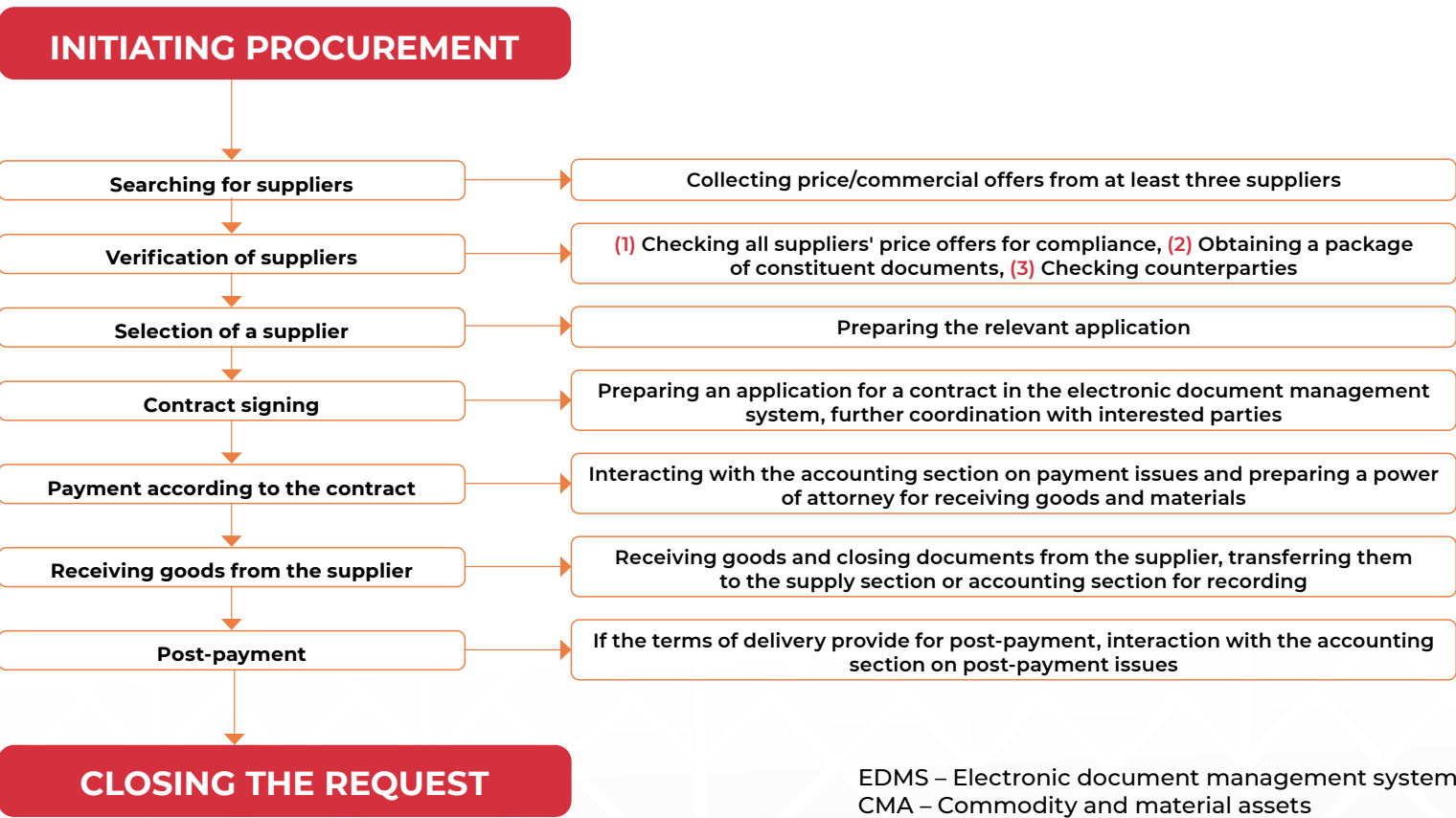
KMF is building a system of responsible and transparent procurement to ensure the smooth operation of the Company, reduce costs, and increase efficiency. Procurement activities are carried out in accordance with the Guidelines for the Procurement of Goods, Works, and Services, which define uniform standards, procedures, and principles.

The process is managed by the Procurement Department of the Logistics Unit through the development and approval of procurement processes. Head office and Branches are also involved in procurement. Depending

on the nature and amount, procurement can be carried out centrally (at the Head Office level) or decentrally (directly in Branches or Outlets).

The process begins with the formation of an Annual Procurement Plan based on the approved budget and includes the following key stages: submission of a procurement request, market analysis, selection of a supplier, conclusion and execution of a contract.

PROCUREMENT PROCESS DIAGRAM



When selecting a supplier, the following principles are applied:

- ♥ Economy and efficiency – priority is given to offers that provide the best value for money;
- ♥ Competitiveness and transparency – most purchases are made through an electronic trading platform;
- ♥ Equal opportunities – all potential suppliers are given equal conditions for participation;
- ♥ Preference for direct manufacturers and official distributors – to minimize risks;
- ♥ Absence of conflicts of interest and corruption risks.

Potential suppliers are subject to strict qualification requirements – legal capacity, financial stability, no tax arrears, and no inclusion in sanctions or blacklists. They are also verified for the presence of a special relationship with the Company and compliance with the anti-corruption policy.

The choice of supplier depends on the purchase amount and is made as follows:

- ♥ For amounts from 15 to 75 million tenge, the decision is made by the Tender Commission. At least three

commercial offers are required; if the purchase is made through the ETP, two commercial offers are sufficient.

- ♥ In the case of a purchase from a single supplier, justification of the impossibility of obtaining the required number of offers is necessary.
- ♥ For amounts over 75 million tenge, the decision is preliminarily reviewed by the Tender Commission and submitted to the Management Board. The contract is signed by the supervising member of the Board.
- ♥ For amounts exceeding 100 million tenge, the contract is signed by the Chairperson of the Board.

This approach ensures control and transparency, as well as flexibility depending on the scale of the procurement.

KMF works with a wide range of suppliers providing computer hardware, software, peripheral and server equipment, office and household goods, construction and installation services, as well as advertising products.

In 2024, the total amount of the Company's purchases of goods, works, and services amounted to 11,868 million tenge. The share of local content in purchases was 86%.

DYNAMICS OF PURCHASE VOLUME AND LOCAL CONTENT SHARE

Indicator	Unit of measurement	2023	2024
Total amount of procurement of goods, works, and services	million tenge	12,157	11,868
Total amount of procurement from local suppliers	million tenge	10,473	10,198
Share of local content in procurement	%	86	86



SUSTAINABLE DEVELOPMENT



07

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Sustainable development management

In 2024, KMF Microfinance Organization JSC began actively implementing sustainable development principles into its business processes. This step reflects the Company's commitment to responsible business conduct, transparent interaction with stakeholders, and management of its impact on the economy, society, and the environment.

KMF considers sustainable development to be an integral part of its long-term strategy and a key factor in stable growth aimed at creating an environmentally responsible, socially significant, and economically sustainable future.

To implement sustainable development principles in KMF's activities, a Committee on Strategic Planning and Sustainable Development (ESG) was established under the Board of Directors. Constantine Tsereteli, an independent director, was appointed as the Committee's chair. A Strategic Development and ESG Unit has also been established, which is responsible for developing strategic ESG goals and implementing sustainable practices in the Company's activities.

ORGANIZATIONAL STRUCTURE FOR SUSTAINABLE DEVELOPMENT MANAGEMENT

GRI 2-9, 2-12, 2-13, 2-14, 2-24

To effectively implement sustainable development principles, KMF has established a management system covering all levels of corporate governance.

At the strategic level, the Board of Directors determines priority areas and oversees the implementation of ESG initiatives. The Management Board ensures

the implementation of practices and monitors compliance. At the operational level, subdivisions implement ESG practices, prepare reports, and monitor compliance.

01. STRATEGIC LEVEL

Board of Directors

- ♥ is responsible for strategic leadership in the area of sustainable development;
- ♥ approves the Company's ESG goals and strategy, as well as key internal regulations;
- ♥ monitors the implementation of the ESG agenda, including environmental and social risk management and the quality of non-financial information disclosure.

Strategic Development and ESG Committee under the Board of Directors

- ♥ reviews the Company's draft strategy and monitors its implementation;
- ♥ reviews draft internal regulations in the field of sustainable development;
- ♥ sets medium – and long-term goals and key performance indicators in the field of sustainable development;
- ♥ oversees the implementation and integration of ESG principles into the Company's activities;
- ♥ reviews sustainability reporting.

02. MANAGEMENT LEVEL

Management Board

- ♥ ensures the implementation of the ESG strategy;
- ♥ adopts policies and procedures for managing environmental and social risks;
- ♥ organizes the assessment of projects with increased ESG risks and disclosure of information;
- ♥ ensures the reliability of ESG reporting and the functioning of the monitoring system in accordance with the requirements of legislation and internal regulations.

Credit and Operational Risk Management Committee under the Management Board

- ♥ is responsible for monitoring the implementation of ESG risk assessment procedures and mechanisms for rejecting projects with unacceptable levels of risk.

03. OPERATIONAL LEVEL

Risk Management Department

- ♥ develops and implements an environmental and social risk management system (ESDD);
- ♥ categorizes and assesses risks;
- ♥ provides conclusions on projects with medium and high ESG risk, including for consideration at the Management Board level.

Strategic Development and ESG Unit

- ♥ coordinates the implementation of sustainable development principles in the Company's activities;
- ♥ develops ESG policies and action plans;
- ♥ ensures data collection and systematization;
- ♥ prepares reports;
- ♥ organizes monitoring of ESG goals and informs the Management Board and Board of Directors.

Structural subdivisions

- ♥ provide data for annual and non-financial reporting;
- ♥ implement corporate initiatives in the field of sustainable development;
- ♥ inform and engage employees and customers.



INTERNAL COMPANY DOCUMENTS ON SUSTAINABLE DEVELOPMENT

GRI 2-23

The Company consistently implements the principles of responsible financing and sustainable development in its activities. In 2024, a Sustainable Development Policy was developed, which is the main regulation systematizing approaches to activities in the field of sustainable development.

The policy is consistent with KMF’s core values and reflects its commitment to complying with principles, requirements, and provisions in the field of sustainable

development, including commitments to comply with the principles of responsible business conduct, minimize negative impacts on society and the environment, and respect human rights. The document has been developed in accordance with the regulatory framework of the Republic of Kazakhstan and takes into account a number of international principles. The regulation has been preliminarily approved by the Board of Directors and will come into force after obtaining a banking license.

THE LIST OF KEY REGULATIONS IN THE FIELD OF SUSTAINABLE DEVELOPMENT INCLUDES:

- ✓ Sustainable Development Strategy within the framework of the overall development strategy of JSC Microfinance Organization KMF until 2027 – approved by the decision of the Board of Directors;
- ✓ Regulation on the Strategic Planning and Sustainable Development Committee (ESG) under the Board of Directors – approved by the decision of the Board of Directors;
- ✓ Code of Business Ethics – approved by the Supervisory Board;
- ✓ Information Security Policy – approved by the Supervisory Board;
- ✓ Anti-Fraud Policy – approved by the Supervisory Board.

Internal regulations in the field of sustainable development apply to all KMF employees and are mandatory for compliance when developing business processes,

interacting with customers, and introducing new products. Compliance with requirements is monitored through internal audits and regular monitoring.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

GRI 3-3, 2-23, 2-24

The Environmental and Social Risk Management System (ESMS) was introduced at the Company in 2014 as part of its commitment to responsible financing and regular interaction with international partners.

The main purpose of the ESMS is to ensure a comprehensive and objective approach to identifying

and minimizing environmental and social risks associated with borrowers’ activities. Particular attention is paid to reducing the potential impact on the environment and preventing possible negative social consequences when granting loans.

The procedure for assessing environmental and social risks when considering a microloan application includes three consecutive stages:

1. Preliminary check against the approved List of Activities Prohibited by the Environmental Legislation of the Republic of Kazakhstan, as well as against the Company’s internal list of exceptions;
2. Assignment of a risk level (low, medium, high) depending on the nature of the borrower’s activities;
3. Making a credit decision taking into account the level of risk and possible compensatory measures.

The Company has developed and uses a structured questionnaire on environmental protection and social responsibility, which is completed by a personal manager or a member of the branch’s credit committee at the application review stage. This not only formalizes the assessment process, but also ensures its uniformity at all levels.

The ESMS also involves annual monitoring of the environmental and social parameters of the loan

portfolio, the results of which are sent to interested investors and partners as necessary. Currently, the system applies to all types of microloans, except for consumer lending.

The list of key requirements includes strict compliance with national legislation in the field of environmental protection and labor rights, as well as compliance with an internal list of exceptions based on the principles of sustainable development.

In 2025, the Company plans to conduct a comprehensive review of its environmental and social risk management system. It is expected that internal methodologies will be updated to reflect new regulatory requirements. This will enable KMF to integrate sustainability issues even more effectively into its business practices and strengthen trust among investors and stakeholders.

Sustainable Development Strategy

GRI 2-22

At the end of 2024, the Company developed a Sustainable Development Strategy, which was integrated into KMF’s corporate strategy until 2027 and approved by the Board of Directors in early 2025. Environmental, social, and governance (ESG) aspects are becoming an integral part of the Company’s business model, reflecting its commitment to long-term growth, social responsibility, and environmental stewardship. The main areas of development are defined taking into account international trends, regulatory requirements, and the expectations of investors and other stakeholders.

A roadmap has been developed for the phased implementation of priorities, including a list of measures, deadlines for their implementation, responsible executors, expected results, and key performance indicators (KPIs). The roadmap is used as a tool for planning, monitoring, and managing the achievement of the Company’s ESG goals.

E ↗ Environmental Initiatives		S ↗ Social Initiatives		G ↗ Corporate Initiatives	
<div>4 INITIATIVES:</div> <div><div>♥ Responsible financing portfolio</div><div>♥ Carbon footprint</div><div>♥ Green office</div><div>♥ Energy efficiency</div></div>		<div>4 INITIATIVES:</div> <div><div>♥ Expanding access to financial services</div><div>♥ Social responsibility and charitable initiatives</div><div>♥ Employee care and internal development</div><div>♥ Promoting equality and diversity</div></div>		<div>3 INITIATIVES</div> <div><div>♥ Enhancing corporate reputation and trust</div><div>♥ Sustainable corporate governance and independence</div><div>♥ Reducing operational and reputational risks</div></div>	
KEY OBJECTIVES					
01	Increasing the loan portfolio for sustainable and social financing	01	Increase in the share of customers using financial services via a mobile app to 55%	01	Joining international initiatives
02	Reducing Scope 1 greenhouse gas emissions by 10%	02	Increase in active customers to 570 thousand people	02	Obtaining an ESG rating from an international rating agency
03	Supporting greening and environmental protection projects	03	Increase in charitable donations to 25 million tenge	03	5% of ESG KPIs for top and middle management are key performance indicators and take into account E, S, and G aspects
04	Increasing the share of electronic documentation to 70%	04	Increase in sponsorship to 24 million tenge by 2027	04	Preparation and publication of an annual sustainable development report
05	Increase in the volume of separately collected waste	05	Increase in the number of people trained in financial literacy to 7,000	05	Third-party attestation of at least 10% of non-financial indicators
06	Reduction of specific energy consumption in our own buildings by 7%	06	Training of more than 2,900 employees in ESG principles and sustainable development	06	Compliance with the international standard ISO 27001
		07	Support for gender equality in pay	07	Implementation of social and environmental risk assessment
		08	Organization of events aimed at supporting women’s businesses		



Approach to identifying material topics

GRI 3-1, 3-2

As part of the preparation of the Annual Report in accordance with GRI standards, applying the concept of double materiality and the recommendations of the ARDFM, we analyzed both the impact of the Company's activities on the economy, society, and the environment, as well as the impact of ESG factors on the sustainability of KMF's business, were analyzed. This approach made it possible to identify priority topics that are significant for stakeholders and for achieving the Company's strategic goals.

Process for identifying significant topics:

Stage I. Analysis and identification

A multi-level assessment was used to prepare a broad list of significant topics, which included:

- ♥ **Analysis of KMF activities in terms of their impact on the economy, environment, and society;**
- ♥ **Benchmarking the practices of Kazakhstani and international ESG leaders in the financial industry;**
- ♥ **Analysis of rating agencies' requirements in the field of ESG;**
- ♥ **Assessment of the impact of external factors on KMF's business processes.**

An expert discussion of the general list of topics was held and the wording of the questionnaire for stakeholders was determined. Based on this stage, a list of 24 topics was formed, grouped into categories E (environmental), S (social) and G (corporate).

Stage II. Prioritization of topics through interested party engagement

The significance of material topics was determined through an online survey of stakeholders. Internal and external stakeholders participated in the survey. A total of 243 responses were received from respondents. Employees, customers, partners, suppliers, representatives of the expert community, investors, and the media participated in the survey. Survey participants were asked to assess the degree of KMF's impact on environmental, management, and social aspects using the following scale:

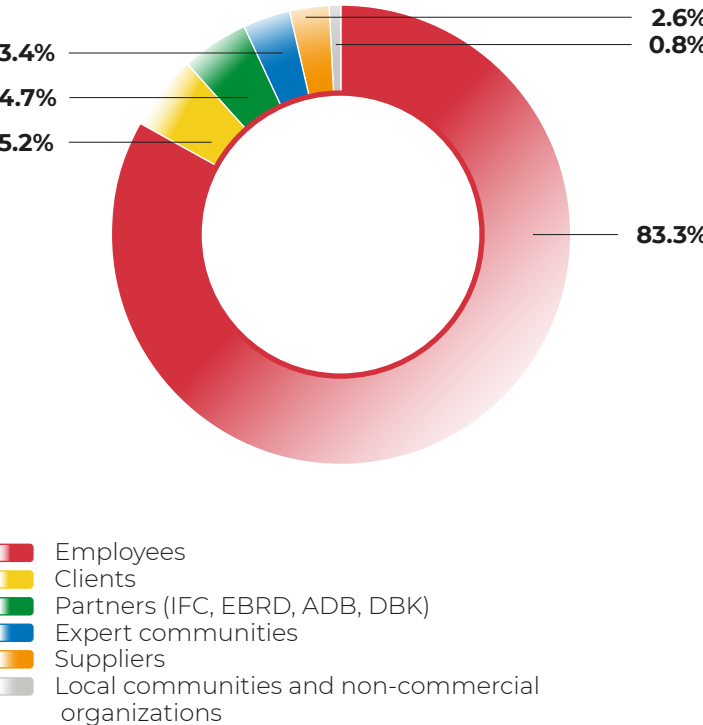
- 1 – no impact;
- 2 – low impact;
- 3 – medium impact;
- 4 – high impact;
- 5 – very high impact.

Stage III. Formation of the final list and materiality matrix

Based on the results of the stakeholder survey and the assessment of the potential impact of each topic on the Company's current and future business processes, a final list was formed. Topics with an overall significance of 85% or higher were included in the strategic goals and initiatives within the ESG roadmap. The final list includes 12 priority material sustainability topics.



CATEGORIES OF STAKEHOLDERS WHO RESPONDED TO THE SURVEY ON MATERIAL TOPICS

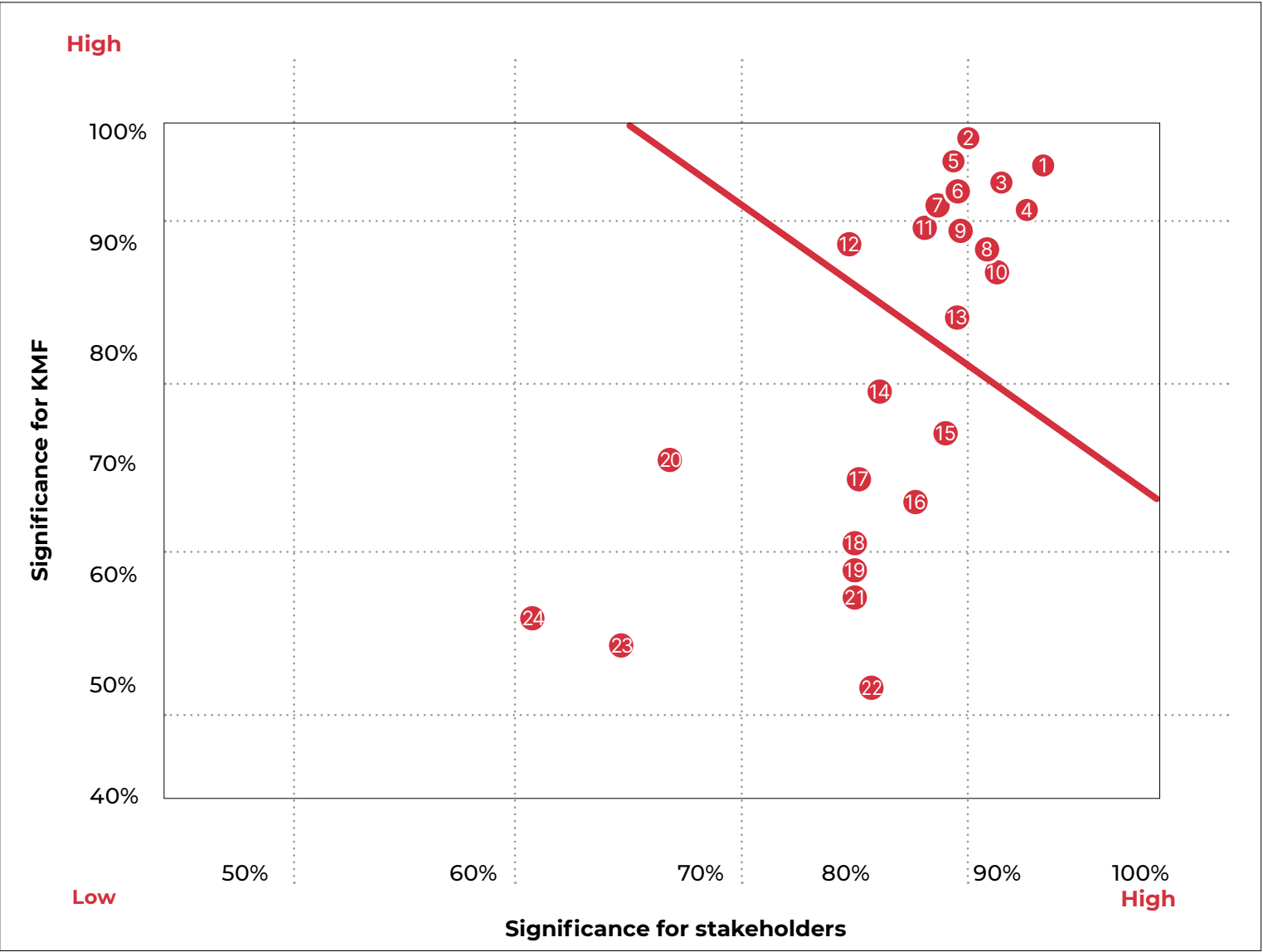




TOPICS WITH SIGNIFICANCE RATINGS, %

No.	Aspect	Topic	Significance		
			Significance for stakeholders	Significance for KMF	Total
1	Social aspect	Client satisfaction	93	96	95
2	Economic and management aspect	Economic performance	88	97	93
3	Economic and management aspect	Cybersecurity and data protection	91	94	92
4	Economic and management aspect	Risk management	92	92	92
5	Social aspect	Talent management and development	88	96	92
6	Economic and management aspect	Availability of financial products and services	87	93	90
7	Economic and management aspect	Corporate governance	87	92	89
8	Economic and management aspect	Combating corruption and bribery	89	89	89
9	Economic and management aspect	Digital transformation and innovation	88	90	89
10	Social aspect	Promoting financial literacy of clients	90	87	89
11	Environmental aspect	Mitigating the effects of climate change	86	90	88
12	Economic and management aspect	Responsible financing	82	89	85
13	Social aspect	Safety and comfort in the workplace	88	83	85
14	Economic and management aspect	Integrity and business ethics	84	76	80
16	Environmental aspect	Waste management	85	66	75
17	Social aspect	Labor practices	82	68	75
18	Environmental aspect	Energy efficiency	82	62	72
19	Environmental aspect	Water consumption	82	60	71
20	Economic and management aspect	Interaction with stakeholders	71	70	70
21	Social aspect	Diversity, equality, and inclusivity	82	58	70
22	Social aspect	Contribution to the social and economic development of regions	83	50	66
23	Economic and management aspect	Responsible supply chain	67	54	60
24	Environmental aspect	Biodiversity and ecosystems	63	56	59

MATERIALITY MATRIX



The list of material topics will be reviewed annually, taking into account changes in the external environment and stakeholder expectations. Starting from the next reporting period, it will also be approved by the Company's highest management body.



Contribution to the UN Sustainable Development Goals

KMF fully shares the goals and objectives of the UN Global Agenda for Sustainable Development as set out in UN General Assembly Resolution dated September 15, 2015 “Transforming our world: the 2030 Agenda for Sustainable Development”.

In 2024, the Company revised its prioritized Sustainable Development Goals, taking into account the active implementation of ESG practices and plans to join the UN Global Compact. The revision was based on a benchmark among 18 leading financial organizations implementing sustainable development practices in Kazakhstan

and abroad. Taking into account the results of the analysis and the specifics of KMF’s activities, 8 out of 17 Sustainable Development Goals were selected as priorities.

The selection of prioritized goals allows the Company to focus its efforts on areas where the contribution will be most significant and measurable, and strengthens the integration of sustainable development into strategy, operations and stakeholder communications.

KMF’S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS IN 2024

UN Sustainable Development Goals



Goal 3. Ensuring healthy lifestyles and promoting well-being for all at all ages

KMF, together with KMF-Demeu, actively supports sports and health events for children in various cities where it operates. Support for public foundations that help children with special needs and their parents, such as **Erekshe, Analar, Mama Pro, Akademiya Pedagoga, and Autism**. Accessible Environment. Funding for the S.T. Segizbaev Children’s Football Club.



Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

In 2024, KMF and KMF-Demeu were platinum sponsors of the Enactus National Cup and sponsors of **SDG at the Enactus World Cup in Astana**. A FINBOSS video course on financial literacy for children and teenagers was developed, as well as the cartoon “Aqsha Alippesi” for children aged 5 and older, which was broadcast on the Balapan TV channel.



Goal 5: Achieve gender equality and empower all women and girls

KMF participated in the “I’m Scared and I Do” festival aimed at developing women’s entrepreneurship. Every year, special attention is paid to supporting women in business through programs and competitions such as **KMF Isker Hanymy**.

UN Sustainable Development Goals



Goal 8: Promote steady, inclusive and sustainable economic growth, full and productive employment and decent work for all

In 2024, KMF created 202 new jobs. The share of goods, works, and services purchased from local suppliers was 86%. **The DMEU for Business** portal was developed to support entrepreneurs and strengthen the business community.



Goal 9: Build a strong infrastructure, promote inclusive and sustainable industrialisation and innovation

KMF provides microfinance services throughout the country, including rural and remote areas, thereby contributing to the development of financial infrastructure for micro and small businesses. KMF has developed the **KMF Jailay platform** to support farmers and rural entrepreneurs. It provides access to quality veterinary advice, vaccination schedules, and other digital tools. In 2024, KMF and the KMF-Demeu Foundation partnered with **the MicroMentor** online platform, where clients can access a wide range of mentors and experts.



Goal 11: Open, safe, resilient and sustainable cities and settlements

With the support of KMF-Demeu, an eco-campaign was held to plant seedlings in Temirtau and Osakarovka. The company actively supports cultural and educational events in various cities of Kazakhstan.



Goal 13: Taking urgent action to combat climate change and its impacts

In 2024, KMF began calculating GHG emissions (Scope 1 and 2). The company has developed a sustainable development strategy until 2027. The Company continued its project with the Kazakhstan Real Estate Federation and Ecoplatform Kazakhstan on separate waste collection using fundomats in residential complexes in Almaty.



Goal 17: Strengthening the means of implementation and revitalization of the Global Partnership for Sustainable Development.

In 2024, KMF began preparations to join the UN Global Compact. For seven years, KMF-Demeu and KMF have been partners and sponsors of the Enactus international entrepreneurship school.



ENVIRONMENTAL RESPONSIBILITY



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Climate Change

GRI 3-3, 305-1, 305-2, 305-4, 305-5

KMF considers climate change to be one of the key global challenges of our time. Despite its limited direct impact on the environment, the Company recognizes the importance of its contribution to preserving environmental well-being. In 2024, greenhouse gas emissions were calculated in accordance with the GHG Protocol methodology and the Intergovernmental Panel on Climate Change (IPCC). During the reporting period, direct (Scope 1) and indirect (Scope 2) emissions were accounted for. In 2025, it is planned to include Scope 3 emissions, which will allow the Company to more fully assess and manage its contribution to climate change.

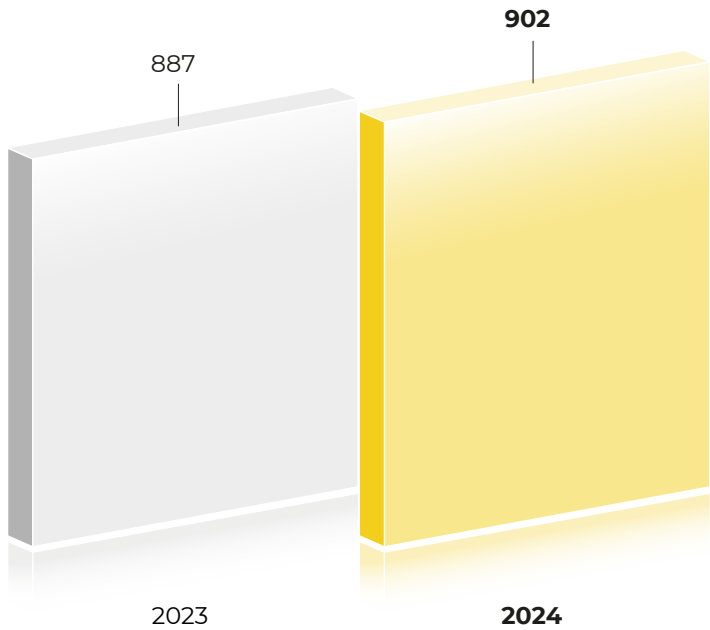
Direct emissions (Scope 1)

The Company calculates direct greenhouse gas emissions from sources under its direct control. In 2024, total direct greenhouse gas emissions amounted to 902.12 tonnes of CO₂ equivalent, which is 1.7% higher than in 2023. The increase in direct emissions was due to an increase in the volume of motor gasoline consumed in connection with an increase in business travel, as well as an increase in natural gas consumption in buildings with autonomous heating systems.

Emissions from motor vehicles dominate the structure of direct greenhouse gas emissions, accounting for 57.5% of the total in 2024. Fugitive emissions, which occur when refrigerants leak during the maintenance and refilling of air conditioning systems, account for an equally significant share of 39%.

As part of its sustainable development strategy through 2027, KMF has set a goal of reducing direct greenhouse gas emissions by 10% compared to the 2024 baseline. To achieve this goal, the Company plans to develop a set of measures aimed at optimizing its vehicle fleet, improving the energy efficiency of buildings, and implementing practices to reduce refrigerant losses.

DIRECT EMISSIONS, tCO₂-eq.



2023 2024

Indirect emissions (Scope 2)

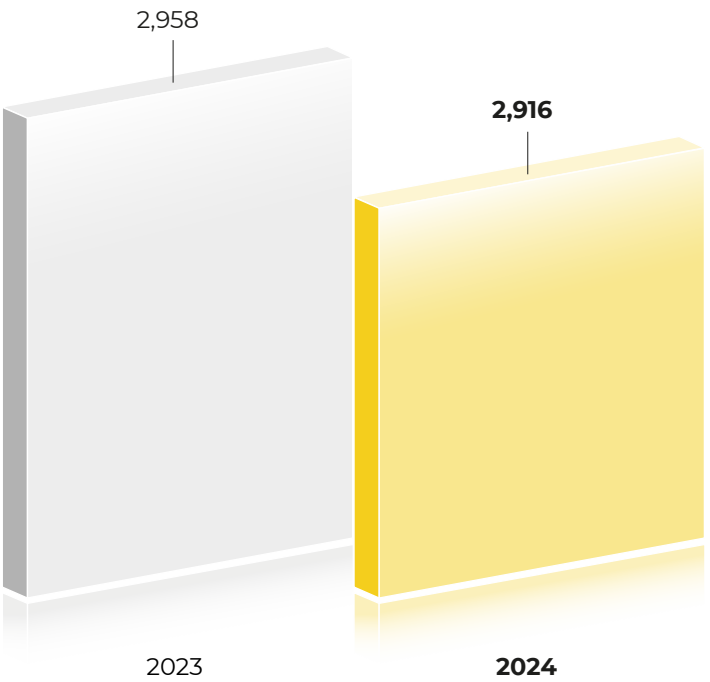
The Company keeps track of indirect greenhouse gas emissions resulting from the consumption of electricity and heat purchased from external suppliers. Indirect emissions were calculated using the location-based method in accordance with the GHG Protocol Scope 2 Guidance. The data source used was the specific greenhouse gas emission factors approved by order of the Vice Minister of Ecology, Geology, and Natural Resources of the Republic of Kazakhstan.

KMF tracks indirect greenhouse gas emissions for facilities under its operational control. In the reporting year 2024, total indirect emissions amounted to 2,915.91 tons of CO₂ equivalent, which is 1.4% lower than in 2023. The decrease is due to reduced heat energy consumption thanks to improved energy efficiency of buildings, increased employee awareness of the need for rational use of resources, and adjustments to the methodology for calculating emissions from electricity consumption.

KMF continues to work on improving the energy efficiency of its office infrastructure and reducing its environmental footprint. As part of its sustainable development strategy, the Company aims to reduce its specific consumption of fuel and energy resources by at least 7% by implementing a set of measures to save energy and improve operational efficiency.

In 2024, total Scope 1 and 2 greenhouse gas emissions amounted to 3,818.03 tons of CO₂ equivalent, which is 0.7% less than in 2023. Given the specific nature of the Company's activities, indirect emissions associated with the consumption of electricity and heat energy predominate in the emissions structure. They account for 76.4% of total emissions. KMF's greenhouse gas emissions intensity in the reporting year was 39.07 tons of CO₂ equivalent per billion tenge.

INDIRECT EMISSIONS, tCO₂-eq.



2023 2024

KMF GREENHOUSE GAS EMISSIONS tCO₂ eq.

Source of emissions		2023	2024
Scope 1	Stationary fuel combustion	29.198	31.984
	Mobile fuel combustion	505.528	518.132
	Fugitive emissions	352.000	352.000
	Total	886.73	902.12
Scope 2	Heat energy consumption	1,904.302	1,887.291
	Electricity consumption	1,053.446	1,028.621
	Total	2,957.75	2,915.91
Total greenhouse gas emissions		3,844.47	3,818.03



Resource efficiency

PAPER CONSUMPTION

GRI 301-1

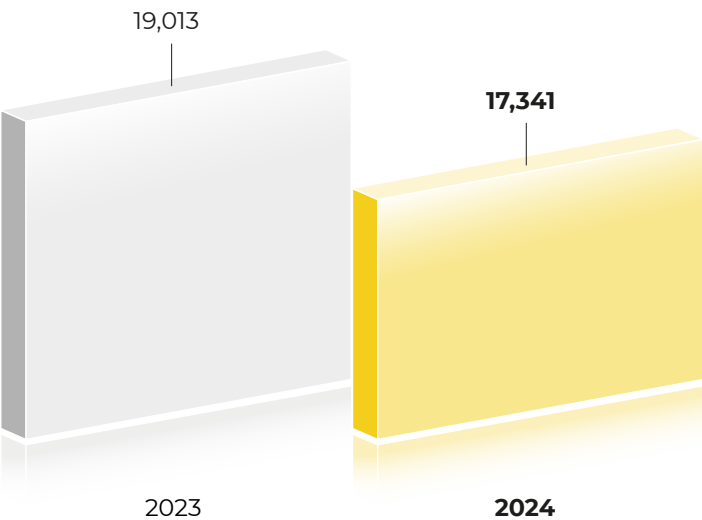
Paper remains one of the most significant resources consumed in KMF's operations. In 2024, total paper consumption amounted to 17,341 packs of A4 paper, equivalent to 43 tons. Despite the significant amount of paper used in 2024, the Company was able to achieve an 8.8% reduction compared to 2023 through the following measures:

- ♥ Development and transfer of internal and external business processes to an electronic document management system;
- ♥ Introduction of new digital processes in customer service, including the implementation of a function for customers to sign documents using an electronic digital signature (EDS);

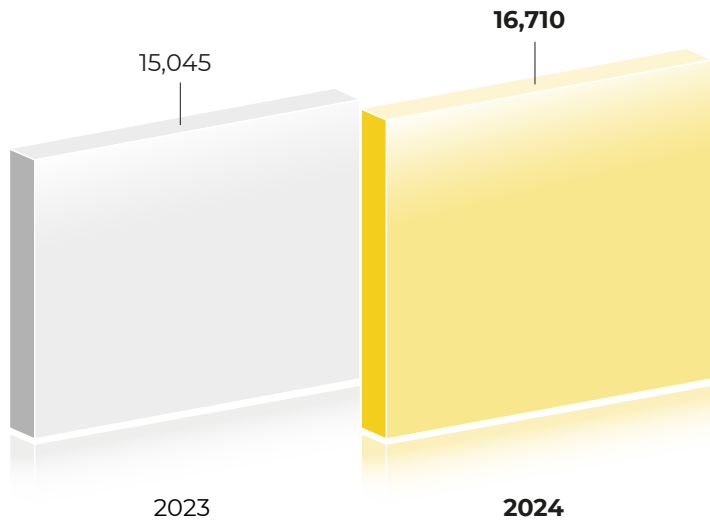
- ♥ Equipping meeting rooms with demonstration equipment for discussing work processes;
- ♥ Informing employees through training on the use of digital resources instead of paper.

KMF is striving to achieve its strategic goal of 70% electronic document management by 2027. In addition, the Company is developing paper recycling practices. In 2024, 23.5 tons of waste paper from the Company's archives were sent for recycling, which is about 55% of the total volume of paper purchased during the reporting period.

PAPER CONSUMPTION, A4 packs



WATER CONSUMPTION, m³



WATER RESOURCE USE

GRI 303-3, 303-4, 303-5

Given the specific nature of its activities, KMF does not have a significant impact on water resources. This is because water is used exclusively for domestic and drinking purposes and is supplied by third-party organizations. Wastewater is discharged into centralized municipal sewage systems.

In 2024, the total volume of water withdrawn for the Company's 15 buildings amounted to 16,710 m³, which is 11% more than in the previous year. The main increase in water withdrawal is due to increased water consumption at the Head Office. The increase is due to an increase in the number of employees and technical maintenance of systems (flushing of heating, water supply, and air conditioning systems).

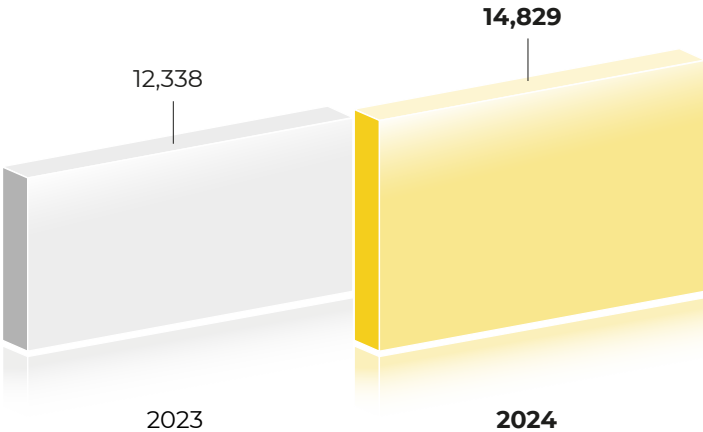
The volume of wastewater disposed during the reporting period amounted to 14,829 m³. Wastewater is disposed exclusively into the municipal wastewater system and treated by municipal services. The difference between the volume of water withdrawn and the volume of wastewater is explained by the use of water for irrigation, as well as insignificant losses that cannot be technically accounted for. In 2024, total water consumption amounted to 1,880 m³, which is 30% lower than in the previous reporting period.

Drinking water in offices is purchased from third-party organizations and used through coolers, for which bottles of water are delivered to offices daily. In 2024, the Company purchased 406 m³ of water for 16,031,738 tenge. Drinking water consumption in offices increased by 44% compared to the previous reporting period. This is also due to the growth in the number of employees in the Company.

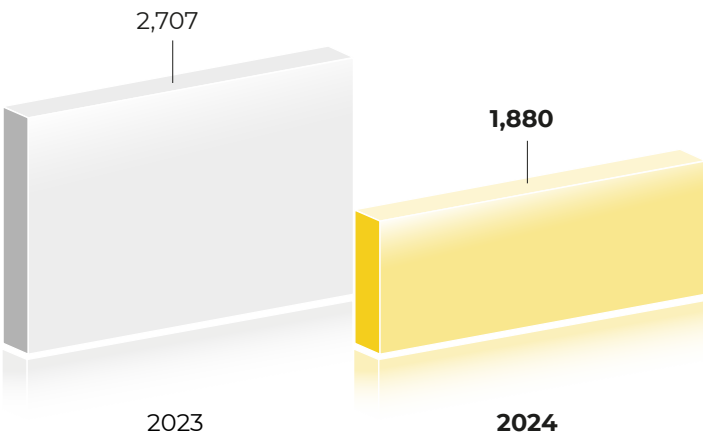
DRINKING WATER CONSUMPTION IN KMF

Indicator	2023	2024
In kind, m³	281.4	406.3
In monetary terms, tenge	10,143,191	16,031,738

WASTEWATER DISPOSAL, m³



TOTAL WATER CONSUMPTION, m³





Waste management

GRI 306-1, 306-3, 306-4

KMF considers waste management to be an integral part of environmental responsibility. KMF's activities do not have a significant negative impact on the environment in terms of waste generation and management, as all waste generated is classified as non-hazardous.

In 2024, KMF generated 587 tons of waste, which is higher than the previous year. Waste is transported by specialized garbage trucks and sent to a landfill for disposal. The increase in this indicator is associated with an increase in the number of employees and growth in operating activity in connection with the transition to a banking model.

From 2019 to 2023, the Company implemented a waste separation project as part of the Green Office initiative, carried out in collaboration with its partner Econetwork. In 2024, the project was temporarily suspended, but KMF plans to resume it in 2025 with expanded coverage and more active involvement of regional divisions.

Despite the suspension of the project, the Company continues to recycle paper from its archives on an annual basis, cooperating with Karina Paper LLP and Ksemax IE. In 2024, 23.5 tons of waste paper were sent for recycling as part of the annual work with archival documents and a sustainable approach to waste management.

In 2023, KMF launched a project to install reverse vending machines in collaboration with the Kazakhstan Real Estate Federation and Ecoplatform Kazakhstan. The reverse vending machines are designed to collect plastic bottles and aluminum containers for subsequent recycling. A total of five machines have been installed in residential complexes and a shopping and entertainment center.

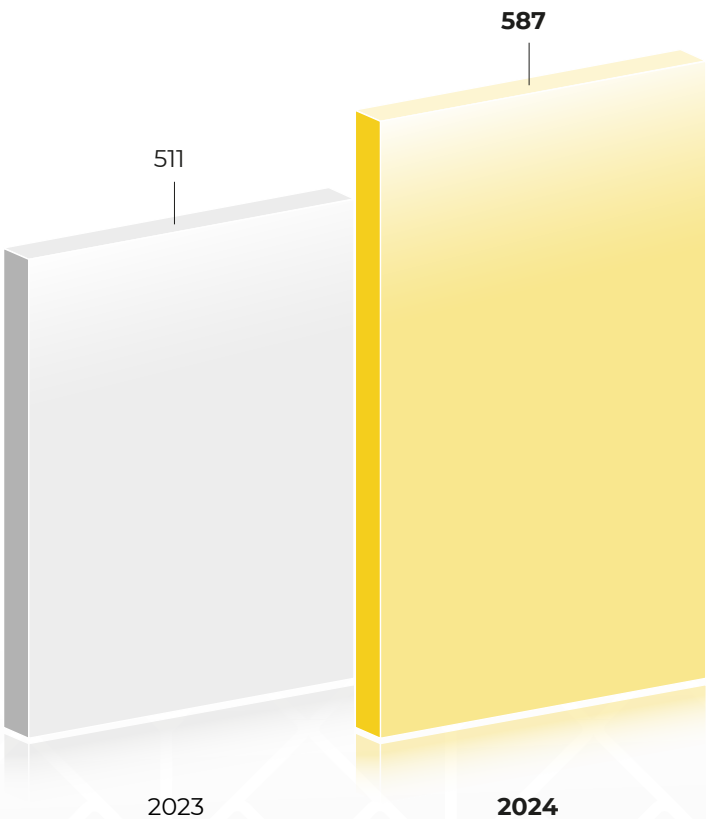
The reverse vending machines are available to more than 2,000 residents of Almaty and are located at the following addresses:

- ♥ **Altyn Zaman Residential Complex, Satpaeva Street, 9B;**
- ♥ **Forum Shopping and Entertainment Center, Seifullin Avenue, 617;**
- ♥ **Central Esentai Residence Residential Complex, microdistrict Koktem-3, 24;**
- ♥ **Almaty Towers Residential Complex, Dostyk Avenue, 160;**
- ♥ **Remizovka Residential Complex, 6th Lane, 25/1.**

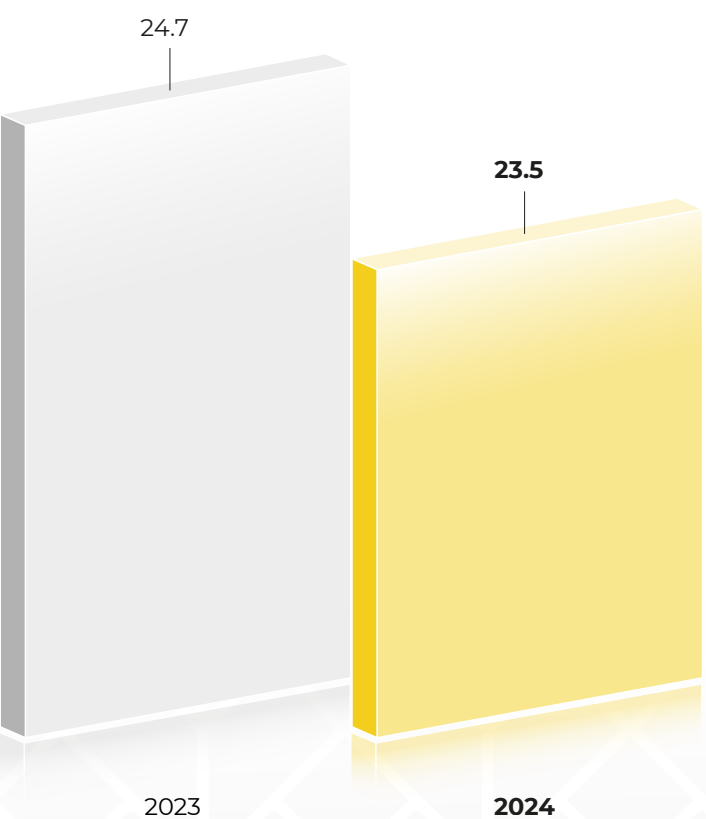
In 2024, the project continued to operate, collecting 70,815 plastic bottles and 15,932 aluminum cans. The project is gradually becoming attractive to the public, so the amount of containers returned increased 1.7 times compared to 2023. The most popular recycling machines are those installed in the Central Esentai Residence residential complex and the FORUM shopping and entertainment center.

The project has become an example of an environmental partnership with high citizen involvement and supports the implementation of KMF's ESG strategy.

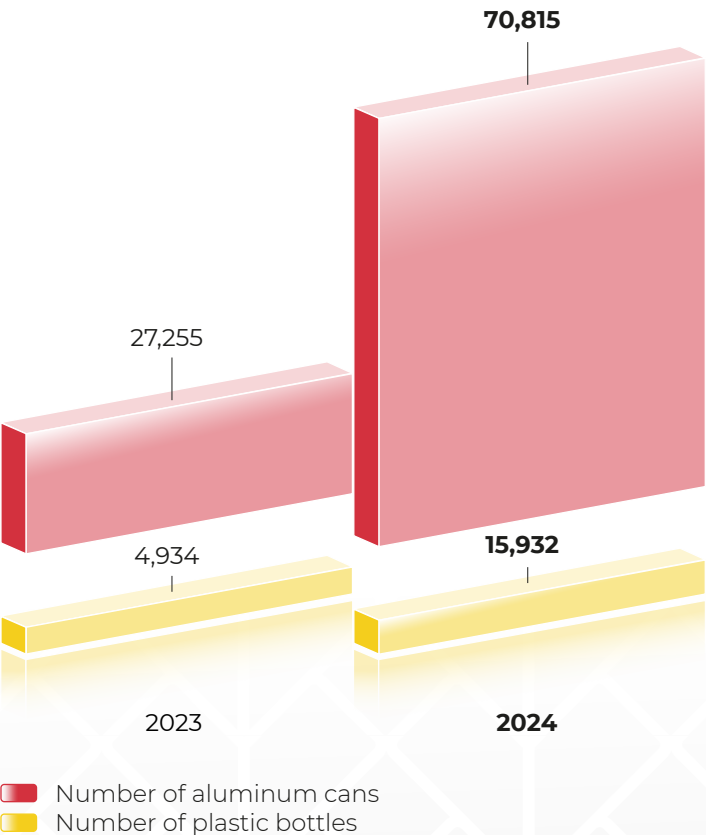
WASTE GENERATION IN KMF OFFICES, tons



VOLUME OF PAPER SENT FOR RECYCLING, tons



TOTAL NUMBER OF CONTAINERS COLLECTED





Energy consumption

GRI 302-1, 302-3, 302-4

KMF understands the importance of rational use of natural resources and takes a responsible approach to energy consumption. Energy efficiency is one of the priorities of the Company's ESG strategy until 2027.

The Company has an internal document regulating the rules for energy use in offices, called the "Energy Management Rules." This document defines electricity consumption standards for Branches and Outlets, requirements for equipment and materials, and the procedure for operating electrical networks and electrical equipment. One of the priority measures remains the transition to LED lighting. Since 2017, KMF has been purchasing exclusively LED lamps, replacing fluorescent light sources that have gone out of service.

In 2024, 2,387,434.9 kWh of electricity was purchased for its own buildings, which is 10.1% more than

in 2023. The increase in electricity consumption is due to the following factors:

- ♥ An increase in the number of employees due to the expansion of activities;
- ♥ The installation of new servers and IT equipment as part of digitalization and preparation for banking transformation.

Of all fuel and energy resources, the greatest change was recorded for diesel fuel, consumption of which decreased by 44.1% to 1,596.7 liters, mainly due to a reduction in the operational load on backup power plants. Natural gas consumption increased by 23.2% to 111.9 thousand m³, which is associated with the connection of new areas to the gas supply system.

ENERGY CONSUMPTION BY FUEL TYPE/SOURCE

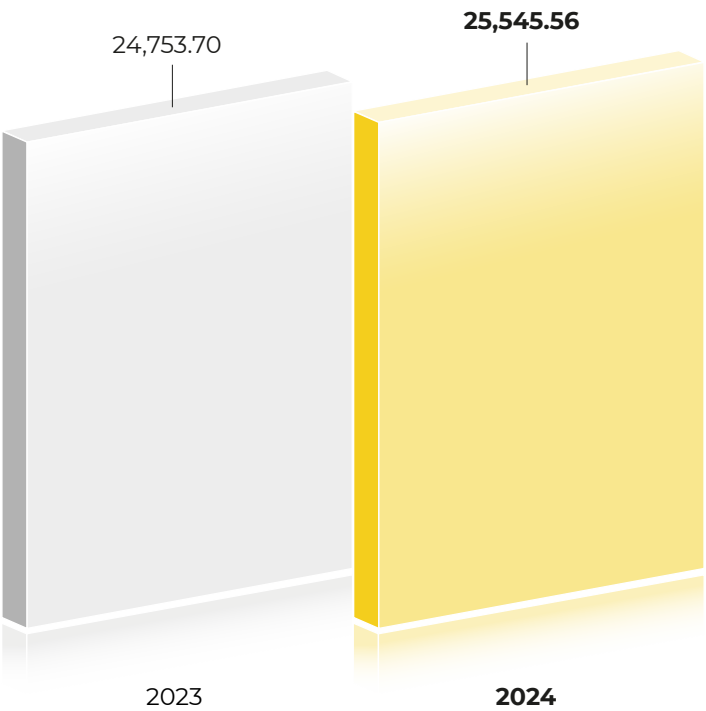
Energy/fuel type	2023	2024	Changes, %
At own real estate facilities			
– Electricity, kWh	2,167,585.6	2,387,434.9	10.1
– Heat energy, Gcal	2,176.5	2,125.3	–2.4
– Diesel fuel, liters	2,857.8	1,596.7	–44.1
– Natural gas, Gcal	90.8	111.9	23.2
– Coal, tons	9.8	9.6	–2.0
Corporate vehicles			
– Gasoline, liters	213,229.9	218,546.2	2.5

In 2024, total energy consumption in the Company's own buildings amounted to 25,545.6 GJ, which is 3% more than in 2023. The increase is insignificant, given that the Company is in an active phase of growth

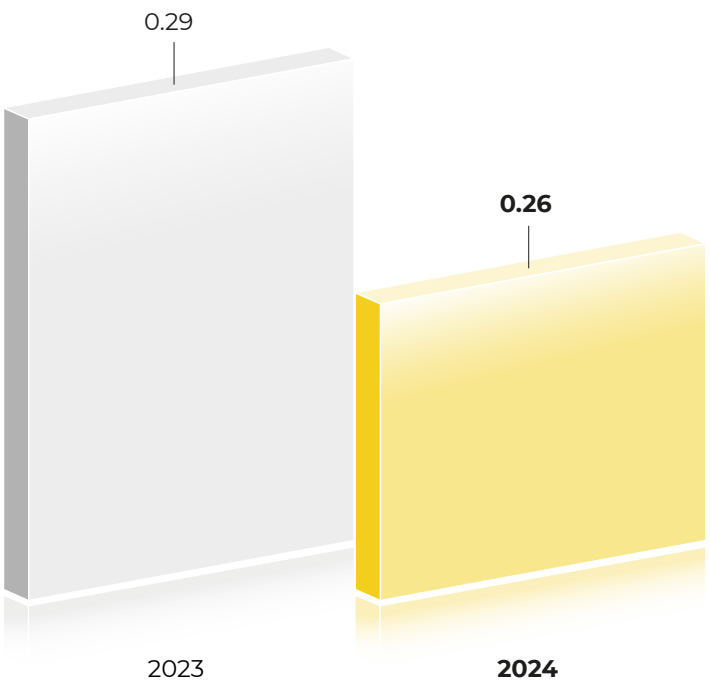
and organizational development. Specific energy intensity (the ratio of energy consumption to revenue) amounted to 0.26 GJ/million tenge, which is 10.3% lower than in 2023.



ENERGY CONSUMPTION, GJ



ENERGY CONSUMPTION DYNAMICS, GJ/million tenge





SOCIAL RESPONSIBILITY



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Employee care

PERSONNEL MANAGEMENT APPROACH

KMF considers its employees to be a key resource and the foundation of sustainable business development. The Company's human resources policy is aimed at attracting, developing, motivating, and retaining qualified specialists who play an important role in the implementation of strategy and transformation. In the context of dynamic change, priority is given to supporting employees and developing the skills they need to adapt effectively and achieve high results.

The Company is working on the digitalization of business processes of human resource management. The HR subdivision uses WebSoft HCM and E-staff software products in its work, work is underway to automate the assessment of the level of competence

and effectiveness of employees, the procedures for selecting and hiring employees.

KMF recognizes and respects human rights as the fundamental basis of its activities. All employees have equal rights and opportunities regardless of gender, age, nationality, religion, or other characteristics. The Company does not allow discrimination against employees based on gender, age, social status and other criteria. The remuneration paid to employees is determined solely by the work of each individual employee and his contribution to the results of the Company's activities, regardless of gender, age and other differences. The company does not allow the use of child and forced labor.

STAFF COMPOSITION AND DIVERSITY

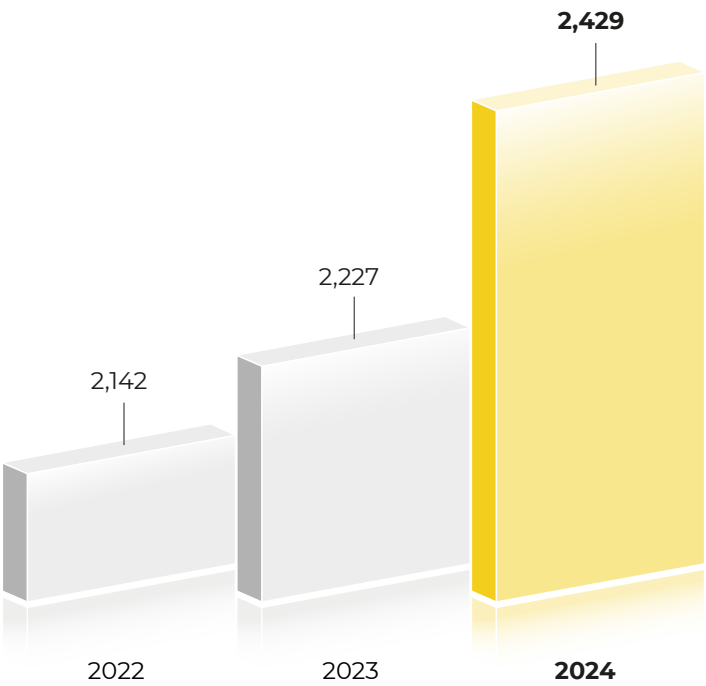
GRI 2-7, 401-1, 405-1

The actual number of Company employees increased from 2,227 at the beginning of the year to 2,429 at the end of 2024. The overall staff turnover rate for the reporting year was 28%, down 2% from the previous year. In 2024, the overall staff turnover rate showed positive dynamics in a number of gender and age groups. Among men, the rate decreased from 14.3% to 13.7%, and among women, from 15.9% to 14.4%. At the same time, the highest turnover rate was observed in the 30-50 age group, especially among women. In the age group over 50, the turnover rate remained virtually unchanged compared to 2023.

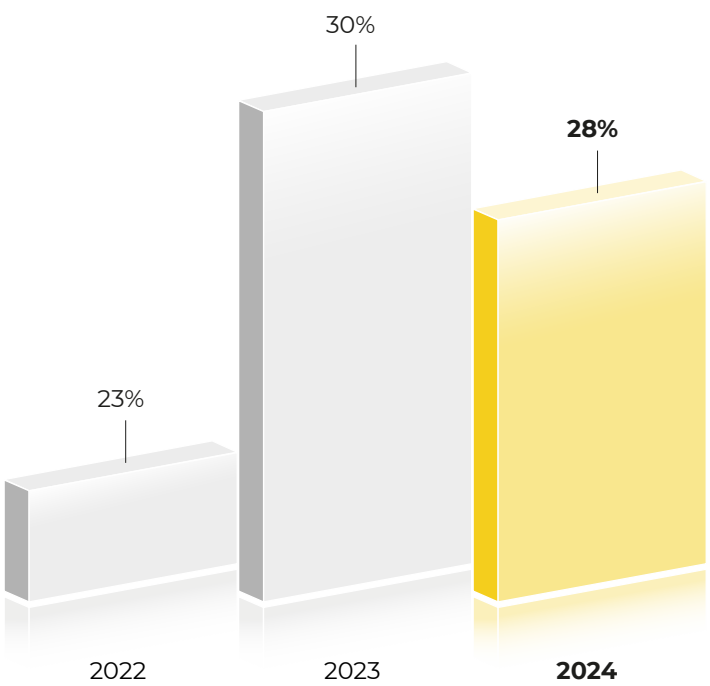
Of the total number of employees, 719 work at the Head Office and 1,710 at the Company's Branches.

¹ Senior management includes the Management Board.
² Management includes Managing Directors, Department Directors, Chief Accountant Deputy Branch Directors, Sales Directors, Branch Directors, etc.
³ Line management includes Section Managers, Subgroup Managers, Heads of Outlets, etc.

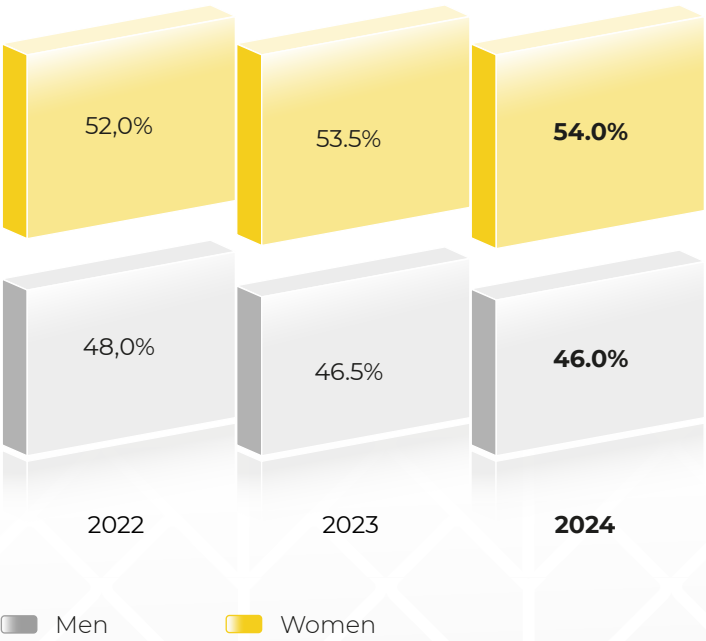
ACTUAL NUMBER OF PERSONNEL
employees at the end of the period



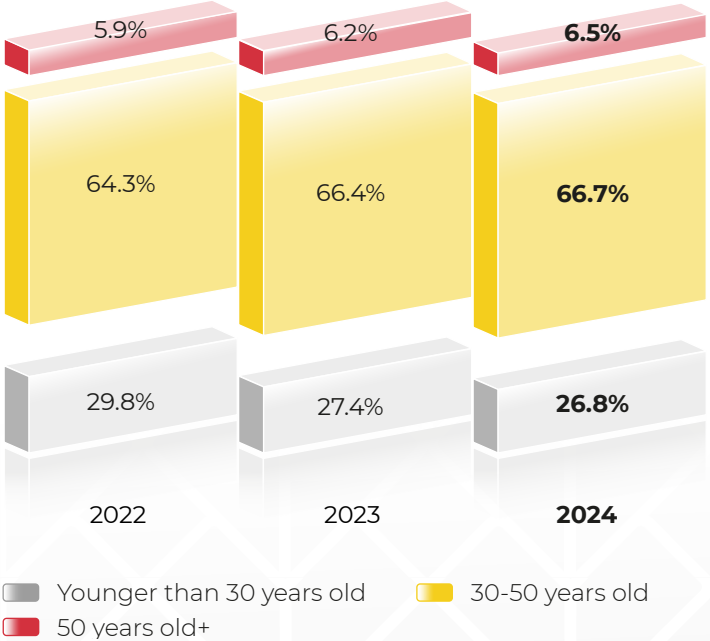
STAFF TURNOVER
in % for the period



PERSONNEL STRUCTURE BY GENDER
in % at the end of the period



PERSONNEL STRUCTURE BY AGE
in % at the end of the period





The largest age group is employees aged 30 to 50, accounting for 66.7% of the total workforce (1,621 people). The share of employees under the age of 30 was 26.8%, and those over the age of 50 was 6.5%.

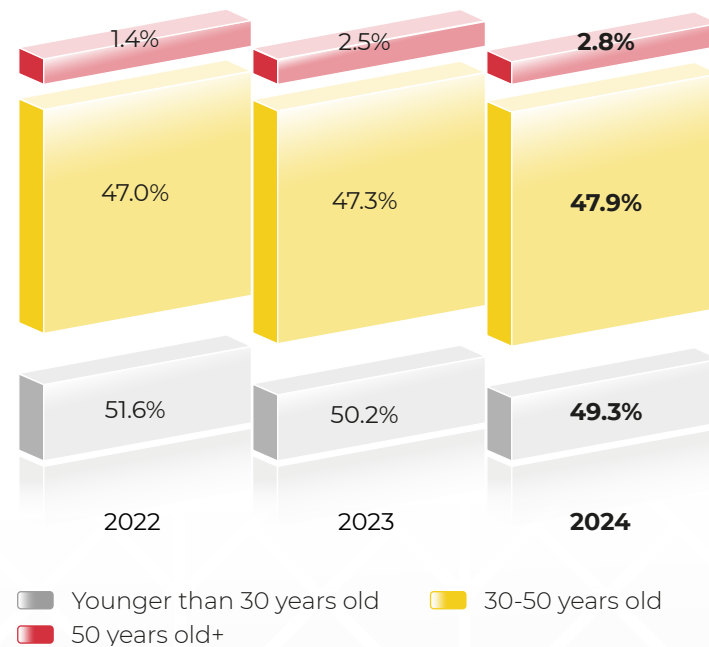
During 2024, 122 employees took parental leave, and 73 employees returned from parental leave. The retention rate for the reporting year was 87%.

FAIR WORKING CONDITIONS

GRI 3-3, 2-23, 2-24, 201-3, 401-2, 403-6

KMF consistently develops practices to ensure decent working conditions aimed at the well-being of employees and the creation of a safe, comfortable, and stimulating professional environment. At the heart of our policy are respect, equal opportunities, staff engagement, and high corporate ethics. The Company adheres to international principles in the field of human and labor rights, including the provisions of the Universal Declaration of Human Rights, and is guided by the current legislation of the Republic of Kazakhstan.

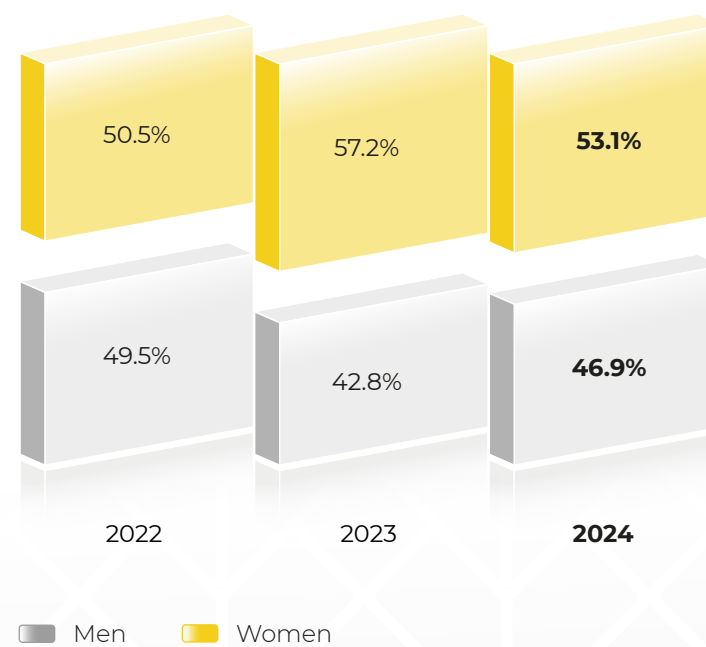
NUMBER OF EMPLOYEES HIRED REPEATEDLY BY AGE



More detailed data on the number and structure of the Company's personnel is presented in Appendix 4.

Staff recruitment and onboarding. The recruitment and onboarding processes at KMF are organized in accordance with best HR practices, including the principles of equal access, professional growth, and sustainable integration into the corporate culture.

NUMBER OF EMPLOYEES HIRED REPEATEDLY BY GENDER



Each new employee undergoes introductory training entitled "Welcome to KMF!" as well as an adaptation program that includes support from an HR mentor during the first three months of employment. For a transparent assessment of the effectiveness and success of adaptation during the probationary period, an induction plan is developed, in which key tasks, deadlines, and expected results are recorded together with the manager. This approach allows us to structure the process of entering a new role, increase awareness, simplify feedback, and ensure successful integration into the team.

The company considers the adaptation stage to be critical for building trust between the employee and the company, ensuring mutual expectations, and creating conditions for long-term productive work.

In 2024, KMF hired 864 new employees. Employees under the age of 30 accounted for 49.3%, the 30-50 age group accounted for 47.9%, and those over 50 accounted for 2.8%. Women accounted for 53% of new hires.

During the reporting period, the Company used a multi-level approach to recruitment, including:

- ♥ Publicly available resources (hh.kz, LinkedIn, Jooble, Enbek.kz);
- ♥ Professional communities and industry Telegram channels;
- ♥ Internal channels – talent pool and "Recommend a colleague" program.

The greatest response from candidates in the reporting year was recorded through the hh.kz website and the LinkedIn social network, confirming the effectiveness of digital recruitment.

Financial assistance and benefits for employees.

KMF operates a "benefits cafeteria" model, which provides a system of preferences that allows employees to independently determine their priorities within the approved annual budget. This approach provides personalized support and enhances staff engagement. The program covers all full-time employees and is valid both at the Head Office and in all Branches.

The main elements of the social package include:

- ♥ Payment of a medical allowance when taking annual leave of more than 14 calendar days – in the amount of one salary;



- ♥ An additional amount within the social package that employees can use at their discretion for priority areas such as education, medical services, voluntary health insurance, and other forms of social support;
- ♥ Two additional days off (Day Off) during the year;
- ♥ Access to health support programs, including discounts on annual gym memberships, as well as corporate child and adult psychologist services;
- ♥ Additional days off on the day of marriage registration, on the day of discharge of a newborn from the maternity hospital, as well as on the day of voluntary blood donation;
- ♥ Support in difficult life situations: in the event of the death of close relatives, the employee is granted three paid days of leave, and financial assistance may also be provided upon request;
- ♥ Paid educational leave – in agreement with the employer, leave of up to one month may be granted for training purposes.



BENEFITS PROVIDED TO FULL-TIME EMPLOYEES IN MILLION TENGE IN 2024

Types of benefits	Fixed-term and permanent employment contract		
	HO	Branch network	Total
Medical care, voluntary medical insurance	16,108,894.9	9,404,837.25	25,513,731
Medical benefit	452,771,990	156,286,854	609,058,844
Additional amount as part of the social package	140,257,961	350,595,560	490,853,520
Disability payments	648,383		648,383
Other material assistance:			
Medical treatment (of the employee or relatives)	64,817,509	0	64,817,509
Death of a close relative	12,756,011	20,287,923	33,043,934
Death of an employee	10,425,000	5,157,456	15,582,456
Employee anniversaries	4,518,968	12,047,909	16,566,877
Retirement	10,183,000	1,626,122	11,809,122
Psychological assistance	1,120,000	630,000	1,750,000
Birth of a child (non-monetary benefit)		1 (one) business day	
Marriage (non-monetary benefit)		1 (one) business day	
Total amount	713,607,715	556,036,661	1,269,644,376

The company strives to ensure a balance between work and personal life, support the physical and emotional health of employees, and show respect for significant events in their lives.

The benefits provided are not only an effective HR tool, but also part of a broader strategy to foster a culture of care and respect that contributes to:

- ♥ Increased staff retention and satisfaction;
- ♥ Prevention of burnout and reduction of stress levels;
- ♥ Creating conditions for equal access to opportunities for development and well-being.

This approach strengthens KMF's reputation as an employer that implements sustainable social practices and is in line with the goals of the Company's Sustainable Development Strategy until 2027.

Creating a comfortable working environment. In 2024, the Company continued to implement initiatives aimed at developing a modern, supportive working environment that meets employee expectations and occupational health and safety requirements.

The Company attaches great importance to creating a positive microclimate within the team. In 2024, initiatives to ensure psychological well-being continued:

- ♥ Services of corporate psychologists (adult and child);
- ♥ Preventive training on emotional burnout;
- ♥ Support for employees through mentoring and regular feedback;
- ♥ Flexible schedule and the possibility of partial remote work by agreement.

KMF offices are designed with employee comfort in mind and comply with the principles of ergonomics, safety, and accessibility. The company has an open-plan office layout, meeting rooms, relaxation areas, and spaces for informal communication.

In 2024, as part of initiatives to develop corporate culture and increase employee engagement, a survey was conducted to assess satisfaction with working conditions. More than 90% of participants noted that they perceive the working environment at KMF as favorable, motivating, and conducive to professional development. In addition, the majority of employees expressed a high degree of commitment to the Company's values and strategic goals.

Incentives and remuneration

GRI 405-2

The motivation and remuneration system at KMF is based on the principles of transparency, fairness, and market competitiveness, striving to ensure that each employee's contribution to the achievement of the Company's strategic goals is recognized.

Since 2019, KMF has been using a grade-based remuneration system developed and implemented with the participation of the international consulting company Ernst & Young. This system:

- ♥ Takes into account the level of responsibility, competence, and complexity of tasks;

- ♥ Provides a structured and comparable remuneration model across all business units;
 - ♥ Increases transparency and employee engagement in understanding remuneration principles.
- An annual labour market analysis is conducted, based on which salary ranges are adjusted to take into account inflation and industry dynamics. The payroll budget is approved by the Board of Directors, and its implementation is monitored by the Management Board.





KMF analyzes **the ratio of base salary and bonuses** between women and men by employee category, including the Head Office and Branch network.

RATIO OF BASE SALARY BETWEEN WOMEN AND MEN BY EMPLOYEE CATEGORY, %

Indicator limits	Managers	Line managers	Employees
2023			
HO	0.71	1.15	1.28
Branch network	1.55	0.92	0.84
2024			
HO	1.23	1.17	1.34
Branch network	1.21	0.92	0.86

The observed differences in salary levels can be explained by the Company's employment structure. In particular, in high-paying subdivisions such as information technology, women make up less than 25% of the workforce. This situation is consistent with the general trend of underrepresentation of women in high-paying professional fields such as technical, digital, and engineering.

At the same time, at the Head Office, where key areas such as IT, finance, and analytics are concentrated, women hold a significant number of management positions, which has an impact on the equalization of average salaries by gender.

RATIO OF BONUSES FOR WOMEN AND MEN BY EMPLOYEE CATEGORY, %

Indicator limits	Managers	Line managers	Employees
2023			
HO	1.58	1.50	1.16
Branch network	1.72	1.28	2.19
2024			
HO	1.20	2.48	0.85
Branch network	1.49	1.27	2.23

In 2024, the gap in bonus levels between women and men remains, especially in the branch network. This is due to the gender structure of sales subdivisions, where bonus levels are higher and the share of women is less than 40%.

KMF recognizes the importance of regular monitoring and plans to:

- ♥ Expand analysis by age and regional groups;
- ♥ Increase the involvement of women in high-paying and bonus-oriented subdivisions (IT, sales);
- ♥ Include gender indicators in HR analytics metrics;
- ♥ Consider implementing special programs to equalize career opportunities and participation in bonus schemes.



TRAINING AND DEVELOPMENT

GRI 3-3, 404-1, 404-2

The training and development of KMF personnel is part of the corporate culture and is carried out on a systematic basis. Developing the team's potential helps strengthen the Company's market position and improve the efficiency of business processes.

The company uses an internal corporate training platform with electronic courses, to which all employees have constant access. KMF highlights the following key principles of its employee training and development system:

- ♥ Equal access to all forms of training regardless of position, gender, or region;
- ♥ Focus on developing key professional, managerial, and ESG competencies;

- ♥ Combination of face-to-face, distance, and blended learning formats;
- ♥ Regular assessment of training needs based on business objectives, management requests, and employee feedback.

KMF's educational programs cover all employees, regardless of their position. In 2024, 1,919 employees participated in training, each of whom spent an average of 13.4 hours on training. Men spent an average of 13.2 hours on training, while women spent 13.7 hours.



TOTAL NUMBER OF TRAINING HOURS FOR KMF EMPLOYEES BY GENDER

	Total training hours	Total number of employees	Training hours per employee
2023			
Total	42,121	1,887	22.3
By gender			
– Men	25,001	1,059	23.6
– Women	17,120	828	20.6
2024			
Total	25,837	1,919	13.4
By gender			
– Men	13,628	1,028	13.2
– Women	12,209	891	13.7

During the reporting period, 511 managers completed training courses, spending an average of 20.5 hours on training.

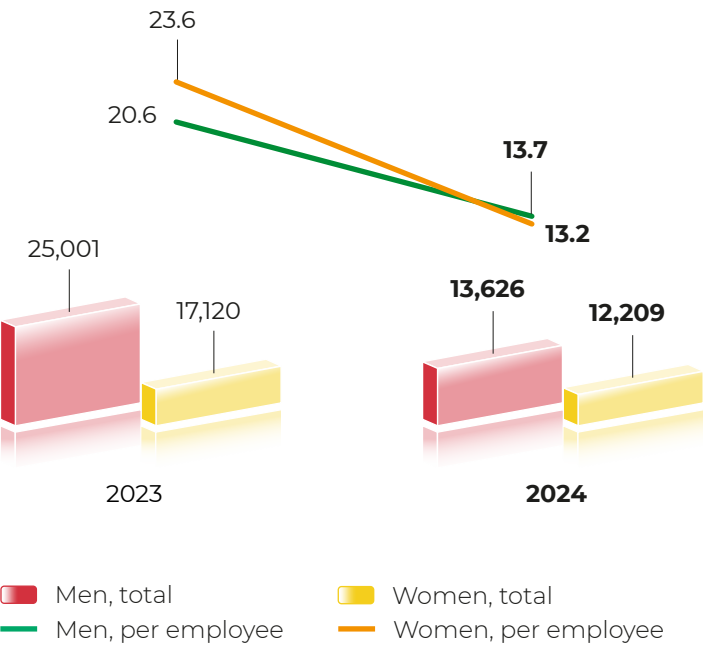
TOTAL NUMBER OF TRAINING HOURS FOR KMF EMPLOYEES BY EMPLOYEE CATEGORY

	Total training hours	Total number of employees	Training hours per employee
2023			
By employee category			
– Managers	12,530	746	16.7
– Specialists	29,591	1,141	25.9
2024			
By employee category			
– Managers	10,480	511	20.5
– Specialists	15,357	1,408	10.9

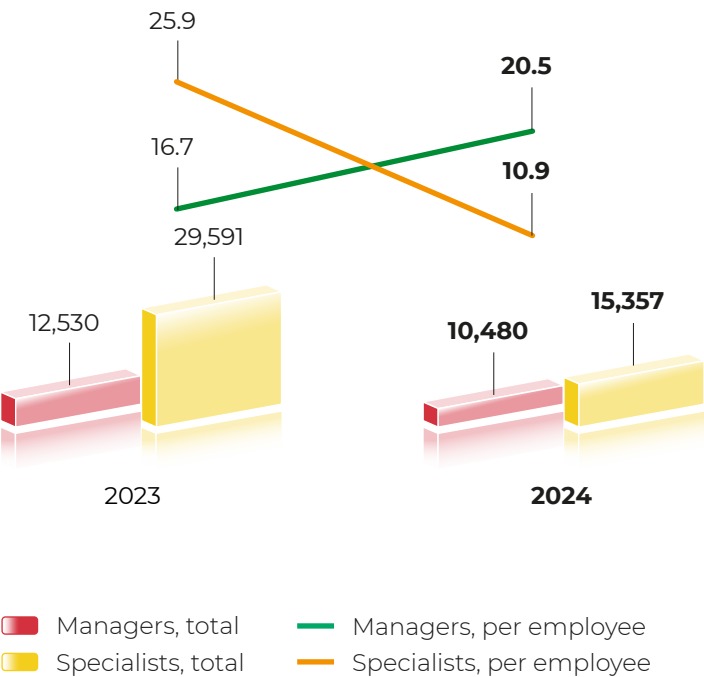
In addition to basic training programs, the Company implements internal and external courses aimed at developing professional skills, management competencies, and employee adaptation. The main focus is on developing front-office teams, improving customer service and the effectiveness of customer interactions, and building management and leadership competencies.

The programs cover both branch employees and head office specialists, ensuring uniform service standards and corporate culture across the entire network..

TOTAL NUMBER OF TRAINING HOURS FOR KMF EMPLOYEES BY GENDER



TOTAL NUMBER OF TRAINING HOURS FOR KMF EMPLOYEES BY EMPLOYEE CATEGORY



In addition, employees undergo external training, including training in public speaking, labor law, Agile methodology, and professional events such as the Central Asia International HR Forum.

These programs help maintain a high level of expertise and familiarize the team with modern practices.





PROGRAMS IMPLEMENTED AS PART OF EMPLOYEE TRAINING AND SKILLS DEVELOPMENT

Program type	Program name	Brief information about the program
Internal training courses	Effective communication with debtors	♥ Practical training for staff aimed at developing business communication skills with problem customers
	Financial analysis	♥ Training for staff aimed at developing skills in assessing the financial condition of customers and making informed decisions to minimize risks
	Service quality standards	♥ Training for employees who interact with customers, aimed at building and maintaining a high level of customer service
	Prevention of emotional burnout	♥ Training aimed at identifying and preventing stress factors at work
	Leaders of change	♥ Training for managers aimed at developing skills for managing transformations in the company
	Sales techniques	♥ Practical training aimed at developing skills for successful negotiations and closing deals
	Change management	♥ Training aimed at effectively implementing changes in projects and business processes
	Time management	♥ Practical training on effective time and task management
	Public speaking skills	♥ Training aimed at developing confidence and persuasiveness when speaking
	Agile	♥ Training on the key principles and methodologies of Agile
External training	Labor legislation of the Republic of Kazakhstan	♥ Training on changes in the legal regulation of labor relations in the Republic of Kazakhstan
	Central Asia International HR Forum – 2024 "HR AT THE CROSSROADS OF ERAS"	♥ A key event for HR professionals dedicated to the transformation of human resource management in the context of global change
	Facilitation of team meetings	♥ Training on effective group discussions and collaboration
	Improving communication effectiveness	♥ Training aimed at developing clear and effective communication skills
	Specifics of lending to SME borrowers	♥ Training on the specifics of financing small and medium-sized businesses



The company provides its employees with extensive opportunities for external training and certification. In 2024, 98,056,970 tenge was allocated for these purposes, which highlights the strategic importance of investing in staff development.

The total amount of time spent on external training and certification was 15,259 hours. Of these, 8,961 hours were spent by Head Office employees and 6,298 hours by Branch network employees.

COSTS OF EXTERNAL TRAINING AND CERTIFICATION

2023		2024	
Hours of training per year	Expenses, tenge	Hours of training per year	Expenses, tenge
1,526	142,709,099	15,259	98,056,970



Safety and labor protection

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-8, 403-9

The Company has a comprehensive occupational health and safety management system in place, aimed at ensuring safe working conditions and protecting the health of employees. The fundamental document

in this area is the Occupational Health and Safety Policy, approved by the KMF Management Board and implemented in accordance with the requirements of the legislation of the Republic of Kazakhstan.

The KMF occupational health and safety system is based on the principles of sustainability, inclusiveness, and a preventive approach. Potential occupational risks are identified and eliminated before they can lead to incidents. Regular workplace hazard identification is carried out, preventive measures are implemented, and working conditions are assessed.

Responsibility for the functioning and development of the occupational health and safety management system is assigned to the employees of the Technical Support Section. Given the nature of the Company's activities, production risks and the likelihood of injuries are minimal. All incidents are subject to mandatory investigation within the time limits established by law. In 2024, as in previous years, there were no cases of occupational injuries or fatal accidents at KMF. Thus, the LTIFR¹ is zero.

KMF pays special attention to training and the formation of a safety culture. Upon hiring, each employee undergoes introductory training on occupational safety, fire safety, and civil defense, as well as initial training at the workplace. Repeat training is conducted every six months, and targeted and unscheduled training is conducted as necessary. Employees undergo testing of their knowledge of occupational safety and fire safety twice a year. Employees undergo testing of their knowledge of occupational safety and fire safety twice a year.

NUMBER OF EMPLOYEES WHO HAVE UNDERGONE TRAINING IN SAFETY AND OCCUPATIONAL SAFETY

Training topics	2023	2024
Fire safety rules	2,227	2,429
Safety guidelines	2,227	2,429
Procedures in case of an earthquake	1,226	2,114
Procedures in case of mass unrest	812	1,111

The Company actively promotes a culture of accountability and feedback. Every employee has the right and obligation to report potential safety hazards. Such requests are received via telephone or corporate e-mail from the Technical Support Department.

KMF attaches great importance to creating an accessible and safe environment. Ramps and tactile tiles are installed in offices to ensure free movement for people with disabilities and visual impairments.

¹ Lost Time Injury Frequency Rate (LTIFR) – the frequency rate of injuries resulting in temporary loss of working capacity. The rate is calculated using the formula $N * 1,000,000 / T$ (the ratio of the number of people injured in accidents resulting in lost work time [N] to the total number of hours worked by all employees [T], normalized to 1 million man-hours).



Taking into account the seismic activity of the region, the Company strengthens measures to prepare employees for earthquakes – warning systems are installed, briefings and regular training sessions are held with the participation of the Fire Technical Commission.

KMF strives to continuously develop the labor protection system, assesses its efficiency, implements improvements and supports employee involvement in safety issues. All of this is aimed at fostering a safe, sustainable and responsible work environment.





RESPONSIBILITY TO SOCIETY



10

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Respect for Human Rights

GRI 2-23

KMF recognizes and respects human rights as the fundamental basis of its activities. All employees have equal rights and opportunities regardless of gender, age, nationality, religion, social background, or other characteristics. All forms of discrimination, harassment, coercion, and child and forced labor are strictly prohibited in the Company.

The Company strives to create an inclusive work environment where openness, trust and mutual respect are encouraged. These principles are enshrined in the Code of Business Ethics, the Sustainable Development Policy, and a number of other internal documents.

The Company also complies with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, ILO Conventions and national

legislation of the Republic of Kazakhstan. When interacting with business partners and suppliers, we expect the same respect for human rights, which is reflected in our contracts and requirements to counterparties.

To prevent violations and respond to potential incidents in a timely manner, the Company has feedback and anonymous reporting channels, including an ethics hotline. All appeals are treated confidentially and in compliance with the principle of non-retaliation.

Employees are periodically trained on business ethics, respect for human rights and non-discrimination. We believe that respect for human rights contributes to sustainable development, employee well-being and a reputation as a responsible employer.

Approach to Stakeholder Engagement

GRI 2-29

For KMF, effective stakeholder engagement is an integral part of sustainable development and the basis for building trusting, long-term relationships. The Company strives to consider the interests of all stakeholders who are affected by and who, in turn, influence KMF's ability to achieve its strategic and sustainability goals.

As part of its sustainability strategy, KMF implements a proactive engagement model that involves:

- ♥ Regular and structured communication with key groups;
- ♥ Involvement of stakeholders in shaping the content of ESG reporting;

- ♥ Use of feedback to update material topics;
- ♥ Compliance with the principles of transparency, responsibility and equal access to information.

The Company has identified 9 key stakeholder groups with which it has built a system of interaction. The list is reviewed annually, taking into account changes in the business model, regulatory environment and external context.



For each group, interaction channels have been defined that allow for the most effective consideration of their needs and interests. One of the main tools is conducting surveys, the results of which help to identify priority topics for disclosure in the Report and collect feedback to help improve the quality and transparency of our reporting.



Stakeholder group	KMF principles and commitments in engagement	Engagement mechanisms
Shareholders and investors	<ul style="list-style-type: none">♥ Ensuring equal rights of shareholders and their participation in making important decisions♥ Providing a full and understandable report on the Bank's activities and performance♥ Ensuring corporate governance and improving the Bank's investment attractiveness	<ul style="list-style-type: none">♥ Holding of the General Meeting of Shareholders♥ Annual and interim financial reports♥ Non-financial reporting♥ Publications on KASE website♥ Press releases♥ General corporate website
Employees	<ul style="list-style-type: none">♥ Supporting human resources diversity and equal opportunities♥ Creating conditions for health and safety at work♥ Ensuring that employees adhere to the principles of ethical and responsible behavior♥ Implementation of programs that raise employees' awareness of sustainability and ESG issues	<ul style="list-style-type: none">♥ Research on employee satisfaction levels♥ Corporate mail♥ Hotline (helpline)♥ Annual reports and sustainability reports♥ Internal communication and announcements♥ Job performance assessment, feedback from supervisors♥ Corporate events
Clients	<ul style="list-style-type: none">♥ Informing about KMF products and services, providing a high level of service♥ Ensuring transparent and responsible pricing♥ Prompt response to customer questions and concerns♥ Consideration of ethical, social, environmental, financial and risk factors in decision-making	<ul style="list-style-type: none">♥ Outlets♥ Contact Center♥ Corporate website♥ Assessment of customer satisfaction with the quality of service♥ Social network♥ Annual reports and sustainability reports♥ Mass media♥ Mobile application
Regulatory authorities and public authorities	<ul style="list-style-type: none">♥ Providing reliable information and complying with legal requirements♥ Cooperation with the government as a partner and client♥ Participation in the improvement of regulatory legislation♥ Conscientious fulfillment of tax obligations	<ul style="list-style-type: none">♥ Meetings and consultations on regulatory issues♥ Informational messages and written requests via e-mail♥ Annual reports and sustainability reports
Suppliers and contractors	<ul style="list-style-type: none">♥ Compliance with contractual terms and transparency of interaction♥ Prompt and reliable receipt of products or services♥ Promoting corporate and social responsibility in the procurement process	<ul style="list-style-type: none">♥ Meetings, negotiations on procurement procedures, information on tenders and procurement plans♥ Interaction during the performance of work or the provision of services

Mass Media	<ul style="list-style-type: none">♥ Utilizing media channels to inform stakeholders and the general public about the results of the responsible business conduct of KMF♥ Maintaining a constructive dialog to create positive influence and achieve sustainable business results♥ Protecting and strengthening reputation through transparent interaction	<ul style="list-style-type: none">♥ Social networks and corporate website♥ Conferences, forums, interviews♥ Written requests by e-mail
Local communities	<ul style="list-style-type: none">♥ Promoting general financial education to improve financial literacy of citizens♥ Implementation of social investments aimed at supporting the most vulnerable groups of the population and developing local communities♥ Ensuring an open dialogue and informing about actions in the field of environmental protection, human rights and support of significant public projects	<ul style="list-style-type: none">♥ Sponsorship and charity projects♥ Education and healthcare projects♥ Corporate website♥ Mass Media
Financial market participants	<ul style="list-style-type: none">♥ Ensuring access to borrowed capital and investments♥ Protection of common interests of financial market participants♥ Constructive interaction on the issues of financial market development and sustainable development	<ul style="list-style-type: none">♥ Participation in events and consultations on industry decision-making♥ Informational messages and written requests via e-mail♥ Annual reports and sustainability reports
Professional communities	<ul style="list-style-type: none">♥ Implementation of the principles of sustainable development and ESG♥ Improving the competencies of employees in the field of ESG♥ Participation in national and international initiatives in the field of sustainable development and ESG	<ul style="list-style-type: none">♥ Training courses, trainings and events♥ Meetings, conferences and negotiations♥ Sustainability reporting♥ Participation in initiatives of international organizations♥ Partnership in the implementation of ESG projects





Membership in organizations and associations

GRI 2-28, 201-4, 415-1

KMF attaches great importance to professional dialogue in the development of the financial sector. The Company actively participates in relevant industry associations, which allows it to share experiences with other market participants and receive timely information about current regulatory changes and business practices. In 2024, the Company was a member of the following organizations:



The Association of Microfinance Organizations of Kazakhstan is an association representing the interests of microfinance organizations and contributing to the improvement of regulation, exchange of experience and dialogue with government agencies.



The Association of Financiers of Kazakhstan is a professional community of financial market participants engaged in the development and discussion of initiatives aimed at the development of the financial sector.

In the reporting year, KMF did not receive government financial assistance and maintained political neutrality by not making donations to political causes, campaigns or initiatives.



KMF and KMF Demeu are members of MFC, a leading international social finance network that promotes the principles of fairness, inclusion, equality, and sustainable development. The Microfinance Center brings together more than 140 organizations in 36 countries in Europe and Central Asia that provide responsible microfinance services to more than 2 million low-income clients. MFC's mission is to empower people and communities through sustainable social finance.



Financial literacy

GRI 3-3, 203-1, 203-2

As part of its mission to develop entrepreneurial thinking and create a socially responsible business environment, the Company regularly holds various events, the audience of which are citizens of Kazakhstan and representatives of the business community. As of the end of 2024, a total of **185,472 people** have completed training,

including 174,263 – on financial literacy in family budget management, 11,209 – on business management. Of these, 2,548 people were trained in 2024. All materials and trainings are provided free of charge.

The program for improving financial literacy of the population in family budget management was developed in 2013. The aim of the project is to teach people how to plan their budget competently, make savings, treat lending issues correctly, skillfully choose the best financial services for themselves and effectively use borrowed funds.

- As part of the program to **improve financial literacy in family budget management**:
- ♥ Printed and electronic brochures "Personal Finance" and "Accounting Notebook" were developed;
 - ♥ As part of digitalization, the KMF-Finplan revenue and expense accounting module was developed in the KMF mobile application. The application is updated on an ongoing basis;
 - ♥ The "Financial literacy in 120 seconds" corner on the KMF and KMF-Demeu YouTube channel.
- Animated videos on the topics of proper financial management, budget management and financial planning, how to save and increase funds.
- A brochure on financial and digital security has been developed in cooperation with the ARDFM. Joint live broadcasts are held on a regular basis on the fingramota.kz page of ARDFM on the topics of financial management and financial fraud; lectures on personal finance are held at universities at the request of the ARDFM. The brochures are distributed during training sessions, during consultations of personal managers, and placed in the operating rooms at KMF offices. All materials are updated on an ongoing basis.

Improving children's financial literacy

Instilling the skills of a reasonable attitude towards money from an early age opens up good prospects for material well-being for children in the future. In order for Kazakhstani children to be able to properly manage financial instruments, the Company is developing a financial literacy project for the younger audience as well: a FinBoss course of 6 lessons has been developed for students in grades 5-8 with a workbook for practical tasks.

Since 2022, more than 3,000 students have been trained in schools in Kazakhstan, including in the coworking center of the Central State Museum of the Republic of Kazakhstan, which was established with the sponsorship of a group of companies of KMF and KMF-Demeu in 2022. The opening of the center was timed to coincide with the Year of Children in Kazakhstan and the 25th anniversary of KMF.

The children's coworking center works for children on an ongoing basis. The coworking center for children and teenagers hosts regular FinBoss financial literacy classes in game and lecture forms. FinBoss lessons at the coworking center are held regularly once a month by KMF-Demeu Foundation specialists.

A video course on financial literacy for children and teenagers in Kazakh and Russian has also been developed by FINBOSS. The course is posted on KMF's YouTube channel, and the complex theory of finance is presented in an exciting format for kids. The training is based on a conversation between the coach and his teenage interlocutors.

In 2024, 5 episodes of the cartoon in Kazakh and Russian for children from 5 years old titled "Aksha Alippei" were developed and published on the Balapan TV channel. Together with the cartoon characters, children learn how to save money, plan expenses, and pursue their dreams.



Improving financial literacy in business management

Business breakfasts in the regions are held by KMF-Demeu business coaches in the regions where KMF operates. The goal is the formation of entrepreneurial thinking, training in effective business management skills for further development and scaling. At business breakfasts, participants will learn about the basic skills of a manager, strengthen their communication and leadership skills, learn how to negotiate, motivate and develop a team, sell and promote a product correctly, including through the formation of a recognizable brand. An important component of the training is knowledge of the economic fundamentals and financial accounting, presented in an accessible and understandable form.
Trainings and lectures on request for Enactus students. Also for women entrepreneurs of sponsored organizations such as MamaPro, Qolqanat (mothers raising special children, low-income families) public foundations. In 2024, 25 trainings were conducted, 391 entrepreneurs were trained.
At the end of 2024, the DEMEU for Business business portal was developed, a platform created to support entrepreneurs and strengthen the business community in Kazakhstan. On the portal, an entrepreneur will find not only useful information for themselves and their business, but will also be able to take a training course, test their business knowledge and, depending on the level, complete training consisting of videos on various business¹ management topics.

Mentoring program for entrepreneurs (KMFProBusiness, EBRD MicroMentor program)

In September 2024, KMF and KMF-Demeu became partners of the **EBRD MicroMentor platform**, a unique online platform that connects entrepreneurs with experienced mentors from various fields. On the platform, KMF clients have the opportunity to find experts in their field who will share their knowledge and experience, as well as help them overcome difficulties and reach new heights².

Publication of training materials

KMF organizes the publication of brochures on current topics in business management: sales techniques, business diversification, marketing, building an effective business team, and financial reporting for business. Brochures are distributed during the training sessions. According to the needs of KMF Branches, trainings are conducted by Heads of Outlets.

Charity and sponsorship activities

GRI 203-1, 203-2

THE COMPANY’S POLICY IN THE FIELD OF CHARITABLE AND SPONSORSHIP ASSISTANCE

KMF carries out charitable and sponsorship activities jointly with the KMF-Demeu corporate Foundation, which is the main shareholder of the Company and the owner of 60% of shares. The Foundation was established as an independent non-profit organization and plays a key role in the implementation of the Group’s social mission.

The KMF-Demeu Foundation’s activities are aimed at the sustainable development of the regions of Kazakhstan, support for vulnerable segments of the population, development of education, healthcare, improvement of financial literacy, as well as assistance in the development of micro and small businesses. The Foundation’s mission is to create a socially responsible business environment and develop entrepreneurial thinking.

¹ Business management course: <https://demeu4business.kz/>.
² MicroMentor platform: <https://ebrdcam.micromentor.org/kmf/>.

KMF and KMF-Demeu adhere to the principles of corporate social responsibility enshrined in internal documents: Corporate Social Responsibility Policy and Rules for the provision of Sponsorship and Charitable Assistance. The approach is based on the support of sustainable projects with long-term effects in such areas as agribusiness, women’s entrepreneurship, social initiatives and education.

The priority areas remain:

- ♥ Assistance to children from socially vulnerable segments of the population and their mothers;
- ♥ Development of children’s sports;
- ♥ Support for infrastructure projects in rural areas;
- ♥ Development of cultural heritage.

The Foundation provides charitable and sponsorship assistance to organizations and initiatives whose need for support has been confirmed in accordance with the established procedure. All projects are selected based on their social significance and sustainability. Transparency, fairness, accountability and an open dialogue with all stakeholders are important principles in this work. Special attention is paid to evaluating the effectiveness of ongoing initiatives and creating an environment for the emergence of new ideas and solutions that contribute to the well-being of Kazakhstani society.

PRINCIPLES OF SOCIAL POLICY OF KMF AND KMF-DEMEU FOUNDATION	
Responsibility to society	<ul style="list-style-type: none">♥ KMF adheres to a socially oriented model of cooperation with entrepreneurs and adheres to international principles of customer protection.♥ The development of microfinance is aimed at supporting agriculture, women entrepreneurs and small businesses.
Support for vulnerable segments of the population	<ul style="list-style-type: none">♥ 70% of KMF clients are farmers, and the Company strives to improve their access to finance and knowledge.♥ The implementation of social initiatives is aimed at sustainable projects aimed at improving the standard of living of the population.
Entrepreneurship development and inclusive growth	<ul style="list-style-type: none">♥ KMF-Demeu promotes the formation of a socially responsible business environment and the development of entrepreneurial thinking.♥ Special attention is paid to supporting women in business through programs and competitions such as the KMF Isker Hanymy Award.
Principles of Charity	<ul style="list-style-type: none">♥ KMF supports initiatives in education, micro and small business development, and financing of social projects.♥ Support is provided to projects with long-term effects and high social significance.

CULTURAL HERITAGE SUPPORT

As part of the policy, the foundation actively supports projects aimed at the development of cultural heritage, in February 2024, sponsorship was provided for the Mobile Museum project in honor of the 120th anniversary of A. Kasteev.

As part of the project, painting supplies were transferred to the museum, as well as master classes in fine arts were held in schools in the Almaty region (Yesik, Talgar, Konayev, Kaskelen).



At the request of the Central Museum of the Republic of Kazakhstan, sponsorship was provided to the museum in February 2024. The coworking center, which was opened in the museum with the support of KMF-Demeu, was given stationery for organizing the work of the “Paths of Creativity” children’s club.

KMF traditionally supports cultural initiatives aimed at the development of art, popularization of national heritage and cultural dialogue.

During the reporting period, special attention was paid to projects in the field of cinematography. The company sponsored two films, Sake in the Cinema and Stop the Night. 70 million tenge was allocated for these projects. Films have become KMF sponsored projects because supporting social and cultural initiatives is consistent with our mission, and projects have strong PR potential: their promotion and positive mentions contribute to improving the image and strengthening the brand.

Support was also provided for the organization of cultural events and the publication of M.Tokashbayev’s book, aimed at the development of national identity and popularization of Kazakh culture.



SUPPORT FOR SPORTS AND PHYSICAL EDUCATION

One of the most significant projects in this area was the financing of the Timur Segizbaev children’s football club. This initiative is aimed at the development of children’s and youth football, the popularization of sports and the formation of a healthy lifestyle among young

people. 47,618,150 tenge was allocated to support the club from 2023 to 2024, which underlines the importance of this area for KMF. In addition, KMF has sponsored a number of sporting events:

Volleyball tournament in Uzynagash	On March 2, 2024, a volleyball tournament for girls in grades 9–11 was held in Uzynagash with the support of the KMF-Demeu Foundation.
Chess tournament in Turkestan	On March 19, 2024, a national rapid chess tournament was held for children under 14 years of age.
Basketball tournament in Esik	On May 26, a basketball tournament for high school boys was held in Esik with the support of the KMF-Demeu Foundation.
Mini-football tournament in Merke	On October 5–6, 2024, a mini-football tournament dedicated to the 100 th anniversary of World War II hero Rakhymzhan Koshkarbayev was held in the village of Merke, Zhambyl Region, with the support of KMF and KMF-Demeu. Ten teams took part in the event, including three teams from the Kyrgyz Republic, as well as teams from the cities of Taraz and Shu and the villages of Merke and Kordai.
Chess tournament in Shymkent	On November 16, 2024, with the support of KMF and KMF-Demeu, a vibrant and inspiring chess tournament, KMF TENGE CHESS OPEN CUP 2024, was held in Shymkent, timed to coincide with National Currency Day. This tournament became a real celebration of intellectual sport, bringing together about 100 young participants, including children from Turkestan and Taraz. The event was attended by guests of honor – representatives of the Sports Unit, the Chess Federation, and the KMF branch.
Sports and health swimming festival in Karaganda	On December 1, a sports and health festival for children with mental disabilities was held in Karaganda with the support of KMF and KMF-Demeu. The participants were 200 children under the age of 18 diagnosed with ASD, developmental delay, and Down syndrome. Initially, 200 children were selected (from Karaganda, Temirtau, Saran, Shakhtinsk, and Abai), and 40 made it to the cup final. All children were awarded medals.



SUPPORT FOR MOTHERHOOD AND CHILDHOOD

Support for large and low-income families, foundations that support special children and their parents

The following assistance was provided on Children's Day:

- ♥ Correctional center in Merke – purchase of motor skills development kits for children with special needs;
- ♥ Event for children from large and low-income families: animation show with food baskets in Karatau;
- ♥ Jomart jurek (Karaganda) provided assistance in purchasing gifts for children with disabilities;
- ♥ Cabinet of Psychological and Pedagogical Correction of the Zhalagash District MPI of the Kyzylorda Region: purchase of gifts for Children's Day for 41 children with special needs;
- ♥ Purchase of gifts for 35 children from low-income and large families aged 1 to 9 years old, Kyzylorda branch.

As part of the **“Road to School”** project, in collaboration with the private foundation “GARYSHKER FOUNDATION,” the Cosmosömke campaign was held from August 8 to September 1, 2024. As part of the project, 750 backpacks were prepared. Of these, 636 backpacks were handed out by KMF employees in 17 regions of Kazakhstan.

Support for public foundations that support special children and their parents

Erekshe Analar Rehabilitation Fund for Children with Special Needs, Astana: purchase of specialized exercise equipment.

Mama Pro, a public foundation supporting mothers raising children with special needs, Almaty: organization and delivery of entrepreneurship courses. Six courses were delivered in Russian and Kazakh in 2024.

Akademiya Pedagoga, a school for children with special needs, Almaty: purchase of interactive whiteboards for children with special needs.

Private Foundation “Autism. Accessible Environment”. Over the course of 8 months, a team of 5 specialists (speech therapists, psychologists, speech pathologists) underwent comprehensive training in ABA therapy methods. They then conducted individual and group corrective and developmental classes with 30 children with ASD. The goal of the project is to provide children with autism with accessible and effective ABA therapy methods under the supervision of specialists.

UPPORT FOR ENTREPRENEURSHIP

KMF actively participates in the development of business infrastructure and support for small and medium-sized businesses. During the reporting period, assistance was provided to such key events as the AMFOK forum, the New Vision business forum, and the FCBK-2024 conference

“Towards Business.” These platforms have become important venues for exchanging experience, presenting successful cases, establishing business contacts, and promoting ideas of sustainable development.

Support for youth entrepreneurship

For seven years, KMF and KMF-Demeu have been sponsors of Enactus, an international student entrepreneurship school, serving as gold and platinum sponsors in different years. **The goal of supporting Enactus** is to promote business initiatives aimed at achieving sustainable development goals.

At various times, KMF-Demeu has held its own financial literacy competitions among participating students. In 2024, the company supported the development of the Smile Race financial literacy game by students at Enactus Astana Medical University. The project has reached the break-even point, and students have the opportunity to earn money from it. In 2024, KMF and KMF-Demeu were platinum sponsors of the Enactus National Cup, as well as SDG sponsors of the Enactus World Cup, which had the honor of being held in Astana. The National Cup was held on April 26–27, 2024, with 202 teams and 1,400 people from 20 regions of Kazakhstan participating. First place went to Zhetysu University, Taldykorgan.

The international championship was held in Astana on October 2–4, 2024. Teams from 29 countries, numbering more than 2,000 people, participated in the event. The Zhetysu University team reached the semifinals of the ENACTUS World Cup. The team defended the honor of our country at the ENACTUS World Cup.

Support for women’s entrepreneurship

KMF took part in the “I’m Scared, And I Do It” festival, aimed at developing women’s entrepreneurship. The company strives to inspire women to develop their own businesses, overcome internal barriers, and achieve success. Akmaral Kuandekova, Head of the KMF Outlet in Konayev, spoke at the festival, sharing her personal story and examples of the success of women who are clients of the company.

Since 2021, the annual **KMF Isker Hanymy Award** has been held, the purpose of which is to recognize and thank the best representatives of microbusinesses in their industry for their achievements. The main difference between this award and others is that it is intended for microbusiness participants, while similar competitions are more often held for small and medium-sized businesses, which are incomparable to the turnover of microentrepreneurs. The event also includes business training and business activities for entrepreneurs. About 1,000 people applied to participate in the KMF Isker Hanymy 2024 Award, and 120 people took part in the award ceremony. Over the past four years, more than 300 people have participated, 76 of whom have become winners.

Holding agricultural forums

Holding agricultural forums in the regions on topics relevant to farmers. Since 2022, five agricultural forums have been held in different regions of Kazakhstan. In 2024, an agricultural forum was held in the village of Shaulder, Turkestan region. It was attended by 120 people. The theme of the forum was: “Effective methods of growing agricultural crops.” The purpose of holding agricultural forums is to draw the attention of farmers to existing problems in the region by proposing possible solutions. In total, more than 700 people participated in the five agricultural forums.

KMF Jailay

A platform for effective care of farm and domestic animals, where you can access high-quality veterinary advice and services, including a vaccination calendar.



APPENDICES



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Appendix 1. About the Report

GRI 2-1, 2-2, 2-3

The Joint-Stock Company «Microfinance Organization «KMF» strives to provide the best possible disclosure of information to a wide range of stakeholders. This 2024 Annual Report (the “Report”) contains information on the Company’s performance for the reporting period from January 1 to December 31, 2024.

The Report includes information on operating and financial results, as well as information on corporate governance and sustainable development issues. This Report is the Company’s first report to include information on sustainable development. The Report is published annually and was released on July 30, 2025.

Report boundaries.The financial indicators in this Report are disclosed on the basis of the audited consolidated financial statements in accordance with IFRS for 2024.

The scope of non-financial reporting indicators differs and includes information on the activities of «Microfinance Organization «KMF» JSC, namely the Head Office and Branches that are under the control of the organization.

In preparing the Report, the Company was guided by the requirements of the Global Reporting Initiative Standards (the “GRI Standards”), the requirements of the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market, and the Kazakhstan Stock Exchange.

The Report reflects our approach to responsible business conduct in accordance with the UN Sustainable Development Goals (the “UN SDG”) and in the interests of all stakeholders with whom we interact.

Appendix 2. GRI Index

Indicator	Disclosure	Report section / comment	P.
GRI 1: Foundation (2021)			
GRI 2: General Disclosures (2021)			
2-1	Information about organization	Company Profile	7
		Appendix 1. About the Report	76
2-2	Entities included in the organization's sustainability reporting	Appendix 1. About the Report	76
2-3	Reporting period, frequency and contact point	Appendix 1. About the Report	76
		Contact point	88
2-4	Restatements of information	Restatements of information and data were not carried out.	
2-5	External assurance	External assurance was not carried out.	
2-6	Activities of the Company, value chain and other business relationships	Company Profile	7
		Geographic footprint	11
		Key areas of business	12
		Operational performance	22
		Procurement and Supply Chain Management	47

Indicator	Disclosure	Report section / comment	P.
2-7	Employees	Staff composition and diversity	61
		Appendix 4. Governance structure and composition	84
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		Supervisory Board	34
		Board of Directors	34
		Committees of the Board of Directors	37
		Organizational structure for sustainable development management	49
2-10	Nomination and selection of the highest governance body	Board of Directors	34
2-11	Chair of the highest governance body	Board of Directors	34
2-12	Role of the highest governance body in overseeing the management of impacts	Organizational structure for sustainable development management	49
2-13	Delegation of responsibility for managing impacts	Organizational structure for sustainable development management	49
2-14	Role of the highest governance body in sustainability reporting	Organizational structure for sustainable development management	49
2-15	Conflict of interests	Corporate ethics	43
2-16	Communication of critical concerns to the highest governance body	Internal audit	41
		Corporate ethics	43
2-17	Collective knowledge of the highest governance body	Board of Directors	34
2-18	Evaluation of the performance of the highest governance body	Board of Directors	34
2-19	Remuneration of executive employees	Remuneration of executive employees	40
2-20	Process to determine remuneration	Remuneration of executive employees	40
2-21	Annual total compensation ratio	Remuneration of executive employees	40
2-22	Statement on sustainable development strategy	Sustainable Development Strategy	50
2-23	Commitments in the organization's internal documents	Internal Company Documents on Sustainable Development	50
		Environmental and Social Risk Management	50
		Respect for Human Rights	69
2-24	Embedding commitments in the organization's internal documents throughout its activities	Internal documents on sustainable development	50
		Environmental and Social Risk Management	50
		Fair working conditions	62
2-25	Processes to remediate negative impacts	Corporate ethics	43
2-26	Mechanisms for seeking advice and raising concerns	Corporate ethics	43
2-27	Compliance with laws and regulations	In 2024, there were no recorded cases of violations of laws and regulations.	
2-28	Membership associations	Membership in organizations and associations	71
2-29	Approach to Stakeholder Engagement	Approach to Stakeholder Engagement	52

Indicator	Disclosure	Report section / comment	P.
2-30	Collective bargaining agreements	The company does not engage in collective bargaining agreements.	
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	Approach to identifying material topics	52
3-2	Disclosures on material topics	Approach to identifying material topics	52
GRI 201: Economic Performance (2016)			
3-3	Management of material topics	Economic performance	46
201-1	Direct economic value generated and distributed	Economic performance	46
201-3	Defined benefit plan obligations and other retirement plans	Decent work conditions.	62
201-4	Financial assistance received from government	Membership in organizations and associations	71
GRI 202: Market Presence (2016)			
202-2	Proportion of senior management (hired from the local community)	In this context, senior management refers to the CEO and all members of the Management Board. The local community refers to citizens of the Republic of Kazakhstan. As of 2024, 75% of senior management are citizens of the Republic of Kazakhstan.	
GRI 203: Indirect Economic Impacts (2016)			
3-3	Management of material topics	Financial literacy	71
203-1	Infrastructure investments and services supported	Financial literacy	71
		Charity and sponsorship activities	72
203-2	Significant indirect economic impacts	Financial literacy	71
		Charity and sponsorship activities	
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	Procurement and Supply Chain Management	47
GRI 205: Anti-corruption (2016)			
3-3	Management of material topics	Corruption counteraction	44
205-2	Communication and training on anti-corruption policies and procedures	Corruption counteraction	44
205-3	Confirmed incidents of corruption and actions taken	Corruption counteraction	44

Indicator	Disclosure	Report section / comment	P.
GRI 207: Tax (2019)			
207-1	Approach to tax	Tax policy	46
207-2	Tax governance, control, and risk management	Tax policy	46
207-3	Stakeholder engagement and management of concerns related to tax	Tax policy	46
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	Paper consumption	57
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	Energy consumption	59
302-3	Energy intensity	Energy consumption	59
302-4	Reduction of energy consumption	Energy consumption	59
GRI 303: Water and Wastewater (2018)			
303-3	Water withdrawal	Water resource use	57
303-4	Water discharge	Water resource use	57
303-5	Water consumption	Water resource use	57
GRI 304: Biodiversity (2016)			
304-1	Production sites owned, leased, or managed by the organization and located in protected natural areas and areas of high biodiversity value outside their boundaries or adjacent to such areas	KMF has no facilities located in protected natural areas or areas of high biodiversity value.	
GRI 305: Emissions (2016)			
3-3	Management of material topics	Climate Change	56
305-1	Direct (Scope 1) greenhouse gas emissions	Climate Change	56
305-2	Indirect (Scope 2) greenhouse gas emissions	Climate Change	56
305-4	Greenhouse gas emissions intensity	Climate Change	56
305-5	Reduction of greenhouse gas emissions	Climate Change	56
GRI 306: Waste (2020)			
306-1	Waste generation and significant impacts related to waste	Waste management	58
306-3	Waste generated	Waste management	58
306-4	Waste diverted from disposal	Waste management	58

Indicator	Disclosure	Report section / comment	P.
GRI 401: Employment (2016)			
3-3	Management of material topics	Decent work conditions.	62
401-1	New hires and employee turnover	Staff composition and diversity Appendix 4. Governance structure and composition	61 83
401-2	Benefits provided to full-time employees not provided to temporary/part-time employees	Decent work conditions.	62
401-3	Parental leave	Appendix 4. Governance structure and composition	83
GRI 402: Labor/Management Relations (2016)			
402-1	Minimum notice periods regarding operational changes	Notice of changes in working conditions is given in accordance with the provisions of Kazakhstan labor law.	
GRI 403: Occupational Health and Safety (2018)			
3-3	Management of material topics	Safety and labor protection Decent work conditions.	62 67
403-1	Occupational health and safety management system	Safety and labor protection	67
403-2	Hazard identification, risk assessment and incident investigation	Safety and labor protection	67
403-3	Occupational health services	Safety and labor protection	67
403-4	Employee participation, consultation and communication on occupational health and safety	Safety and labor protection	67
403-5	Worker training on occupational health and safety	Safety and labor protection	67
403-6	Promotion of worker health	Decent work conditions.	62
403-8	Workers covered by occupational health and safety management system	Safety and labor protection	67
403-9	Work-related injuries	Safety and labor protection	67
GRI 404: Training and Education (2016)			
3-3	Management of material topics	Training and development	64
404-1	Average hours of training per employee	Training and development	64
404-2	Programs for upgrading employee skills and transition assistance programs	Training and development	64

Indicator	Disclosure	Report section / comment	P.
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	Board of Directors Management Board Staff composition and diversity Appendix 4. Governance structure and composition	34 38 61 83
405-2	Ratio of basic salary and remuneration of women to men	Incentives and remuneration	63
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	In 2024, no incidents of discrimination were recorded.	
GRI 415: Political Contributions (2016)			
415-1	Political contributions	Membership in organizations and associations	71
GRI 418: Customer Privacy (2016)			
3-3	Management of material topics	Information Security	44
418-1	Complaints concerning breaches of customer privacy	Information Security	44



Appendix 3. Audited Financial Statements



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Independent auditor's report

To the Shareholders and Board of Directors of "Microfinance organization "KMF" Joint Stock Company

Opinion

We have audited the financial statements of "Microfinance organization "KMF" Joint Stock Company (hereinafter, the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.



Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on loans to customers	
Estimation of allowance for expected credit losses on loans to customers in accordance with IFRS 9 "Financial Instruments" is a key area of the Company's management judgment. Identification of factors of a significant increase in credit risk since initial recognition of an asset, including identification of changes in risk of default during the remaining life of a financial instrument, as well as determination of probability of default and loss given at default rates, require significant use of professional judgment, assumptions and analysis of various historical, current and forward-looking information.	Our audit procedures included the analysis of methodology for estimation of expected credit losses on loans to customers and analysis and testing of controls on identification of factors of significant increase in credit risk since initial recognition of loans to customers, including debt overdue period and existence of credit driven debt restructuring. We analysed the judgments used by the Company's management in determining the significant increase in credit risk and default criteria for loans to customers.
The use of different models and assumptions may significantly affect the amount of allowance for expected credit losses on loans to customers.	We performed, on a sample basis, testing of input data and analysis of assumptions used by the Company in estimating the allowance for expected credit losses on loans to customers, including historical data on debt servicing and expected cash recoveries in the event of default. We also performed analysis of the forward-looking information, including macroeconomic forecasts and scenario weights, used by the Company in its expected credit loss model.
Due to the substantial amount of loans to customers and the significant use of professional judgment, estimation of allowance for expected credit losses was a key audit matter.	We have recalculated the allowance for expected credit losses.
Information on expected credit losses on loans to customers and the Company's management approach to estimation of allowance for expected credit losses is presented in Note 7 Loans to customers and Note 22 Risk management to the financial statements.	We have analysed information on allowance for expected credit losses on loans to customers disclosed in the Notes to the financial statements.
Other information included in 2024 Annual Report of the Company	
Other information consists of the information included in the Company's 2024 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.	
The Annual Report is expected to be made available to us after the date of this auditor's report.	
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.	
In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.	



Responsibilities of management and the Board of Directors for the financial statements

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

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Olga Khegay.

Ernst & Young LLP



Olga Khegay
Auditor

Auditor Qualification Certificate
№ МФ-0000286 dated 25 September 2015

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

31 March 2025



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

"Microfinance organization "KMF" Joint-Stock Company

Financial statements for 2024

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(In thousands of tenge)

	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	5	10,142,339	9,700,278
Amounts due from credit institutions		36,208	24,188
Derivative financial assets	6	2,439,791	39,782
Loans to customers	7	269,969,051	237,942,687
Investment securities	8	13,164,857	8,387,357
Investment securities pledged under repurchase agreements	8	22,643,515	16,091,219
Investment property		-	66,958
Property and equipment	9	11,267,123	10,091,677
Right-of-use assets	10	952,744	931,504
Intangible assets	11	3,534,079	2,224,050
Current corporate income tax assets	16	530,595	394,810
Other assets	12	1,668,252	1,653,449
Total assets		336,348,554	288,346,959
Liabilities			
Amounts due to credit institutions	13	221,619,455	190,006,304
Amounts payable under repurchase agreements	14	21,693,260	16,561,713
Derivative financial liabilities	6	-	250,093
Lease liabilities	10	1,058,272	1,013,981
Debt securities issued	15	22,115,686	22,250,286
Deferred corporate income tax liabilities	16	89,635	46,278
Other liabilities	12	7,058,556	5,997,212
Total liabilities		273,634,864	236,106,667
Equity			
Share capital	17	50,008,939	-
Charter capital	17	-	50,008,939
Fair value reserve	17	(802,010)	(237,441)
Retained earnings		13,506,761	2,468,794
Total equity		62,713,690	52,240,292
Total equity and liabilities		336,348,554	288,346,959

Signed and authorised for issue on behalf of the Management Board of the Company:

Zhusupov Sh.A.

Chernykh Y.Yu.

31 March 2025



Chairman of the Management Board

Chief Accountant

"Microfinance organization "KMF" Joint-Stock Company

Financial statements for 2024

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(In thousands of tenge)

	Note	2024	2023
Interest revenue calculated using effective interest rate			
Cash and cash equivalents		1,064,448	1,051,775
Loans to customers	19	95,254,332	82,964,612
Investment securities		1,408,816	894,490
		97,727,596	84,910,877
Interest expense calculated using effective interest rate			
Amounts due to credit institutions		(32,640,686)	(23,544,687)
Debt securities issued		(3,963,175)	(3,266,150)
Repurchase agreements		(2,731,826)	(1,147,685)
		(39,335,687)	(27,958,522)
Lease liabilities	10	(195,677)	(156,510)
		(39,531,364)	(28,115,132)
Net interest income		58,196,232	56,795,845
Credit loss expense	20	(8,678,046)	(7,287,194)
Net interest income after credit loss expense		49,518,186	49,508,651
Net gains/(losses) on transactions with financial instruments at fair value through profit or loss		1,140,772	(6,711,824)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income		61,615	79,983
Net (losses)/gains from foreign currencies:			
- translation differences		(2,498,409)	1,556,130
- dealing		(10,422)	(22,272)
Other income		107,111	79,435
Personnel expenses	21	(24,429,273)	(19,079,033)
Other operating expenses	21	(10,028,371)	(8,884,098)
Other expense		(4,970)	(2,850)
Profit before corporate income tax expense		13,856,239	16,524,112
Corporate income tax expense	16	(2,818,272)	(3,311,160)
Profit for the year		11,037,967	13,212,952
Other comprehensive (loss)/income for the year			
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of debt instruments at fair value through other comprehensive income	8	(533,401)	239,452
Reclassification of cumulative gain on disposal of debt instruments at fair value through other comprehensive income to profit or loss		(61,615)	(79,983)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	8	30,447	(25,128)
Other comprehensive (loss)/income for the year, net of tax		(564,569)	134,341
Total comprehensive income for the year		10,473,398	13,347,293



"Microfinance organization "KMF" Joint-Stock Company" Financial statements for 2024

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(In thousands of tenge)

	Note	Share capital	Charter capital	Reserve fund	Fair value reserve	Revaluation reserve for investment property	Retained earnings	Total equity
As at 1 January 2023		-	14,430,993	1,478,339	(371,782)	62,329	36,720,608	52,320,487
Profit for the year		-	-	-	-	-	13,212,952	13,212,952
Other comprehensive income for the year		-	-	-	131,341	-	-	131,341
Total comprehensive income for the year		-	-	-	131,341	-	13,212,952	13,344,293
Contribution to the charter capital	17	-	35,577,946	-	-	-	-	35,577,946
Dividends declared	17	-	-	-	-	-	(49,005,434)	(49,005,434)
Transfers of reserve fund to retained earnings	17	-	-	(1,478,339)	-	-	1,478,339	-
Transfer of revaluation reserve for investment property to retained earnings		-	-	-	-	(62,329)	62,329	-
As at 31 December 2023		-	50,008,939	-	(237,441)	-	2,468,794	52,240,292
Profit for the year		-	-	-	-	-	11,037,967	11,037,967
Other comprehensive loss for the year		-	-	-	(564,569)	-	-	(564,569)
Total comprehensive income for the year		-	-	-	(564,569)	-	11,037,967	10,473,398
Transfer from charter capital to share capital	17	50,008,939	(50,008,939)	-	-	-	-	-
As at 31 December 2024		50,008,939	-	-	(802,010)	-	13,505,761	62,713,690

"Microfinance organization "KMF" Joint-Stock Company" Financial statements for 2024

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(In thousands of tenge)

	Note	2024	2023
Cash flows from operating activities			
Interest received on cash and cash equivalents		1,066,697	1,049,076
Interest received on loans to customers		52,498,593	81,110,851
Interest received on investments securities		1,317,826	804,262
Other income received		78,264	79,436
Interest paid on amounts due to credit institutions		(32,623,727)	(21,326,316)
Interest paid on debt securities issued		(4,097,775)	(1,405,659)
Interest paid on repurchase agreements		(2,624,273)	(849,678)
Interest paid on lease liabilities		(195,677)	(156,510)
Net realized losses from dealing in foreign currencies		(10,422)	(22,272)
Net realized losses on transactions with financial instruments at fair value through profit or loss		(1,496,130)	(6,154,834)
Personnel expenses paid		(21,121,562)	(17,081,985)
Other operating expenses paid		(7,370,229)	(6,685,288)
Taxes other than corporate income tax and social security contributions paid		(3,100,968)	(2,221,610)
Cash flows from operating activities before changes in operating assets and liabilities		22,323,617	27,139,467
Net (financial)/decrease in operating assets			
Loans to customers		(37,876,485)	(50,932,204)
Other assets		96,180	(189,907)
Net decrease in operating liabilities			
Amounts payable under repurchase agreements		5,823,994	16,263,706
Other liabilities		69,505	175,224
Net cash flows (used in)/from operating activities before corporate income tax		(10,363,189)	3,456,286
Corporate income tax paid		(2,910,700)	(3,430,605)
Net cash flows (used in)/from operating activities		(13,273,889)	25,681
Cash flows from investing activities			
Purchase of property and equipment		(1,511,330)	(2,867,122)
Proceeds from sale of property and equipment		96,912	148,552
Purchase of intangible assets		(1,590,833)	(2,360,959)
Purchase of investments securities	8	(28,171,664)	(38,194,212)
Proceeds from redemption of investment securities	8	20,764,502	24,203,504
Net cash flows used in investing activities		(10,412,413)	(19,079,237)
Cash flows from financing activities			
Receipt of amounts due to credit institutions	26	177,728,983	93,513,993
Repayment of amounts due to credit institutions	26	(134,064,118)	(68,287,879)
Debt securities issued	26	20,000,000	20,000,000
Redemption of debt securities issued	26	(20,000,000)	(10,000,000)
Payment of dividends	17	-	(13,427,488)
Payment of principal portion of lease liabilities	10	(508,157)	(486,834)
Net cash flows from financing activities		23,156,708	21,311,792
Effect of expected credit losses on cash and cash equivalents	5	(1,212)	2,978
Effect of exchange rate changes on cash and cash equivalents		972,867	397,866
Net increase in cash and cash equivalents		442,061	2,639,080
Cash and cash equivalents, as at 1 January		9,700,278	7,061,198
Cash and cash equivalents, 31 December	5	10,142,339	9,700,278



Appendix 4. Governance structure and composition

4.1. TOTAL HEADCOUNT NUMBER OF EMPLOYEES AT YEAR-END

GRI 2-7

NUMBER OF EMPLOYEES AT YEAR-END

	2022	2023	2024
KMF, total	2,142	2,227	2,429
- men	1,029	1,036	1,118
- women	1,113	1,191	1,311
Head Office	496	601	719
- men	248	300	360
- women	248	301	359
South region	1,175	1,152	1,194
- men	614	581	594
- women	561	571	600
Central region	70	66	70
- men	25	19	19
- women	45	47	51
North region	240	237	256
- men	83	79	80
- women	157	158	176
West region	63	67	72
- men	25	23	25
- women	38	44	47
East region	98	104	118
- men	34	34	41
- women	64	70	77

4.2.TOTAL NUMBER OF FULL-TIME EMPLOYEES

GRI 2-7

NUMBER OF EMPLOYEES AT YEAR-END

	2022	2023	2024
KMF, total	2,124	2,207	2,409
- men	1,029	1,036	1,118
- women	1,095	1,171	1,291
Head Office	496	599	717
- men	248	300	359
- women	248	299	358
South region	1,172	1,149	1,191
- men	614	581	594
- women	558	568	557
Central region	66	62	66
- men	25	19	19
- women	41	43	47
North region	233	230	249
- men	83	79	80
- women	150	151	169
West region	63	67	72
- men	25	23	25
- women	38	44	47
East region	94	100	114
- men	34	34	41
- women	60	66	73

4.3. TOTAL NUMBER OF PART-TIME EMPLOYEES

GRI 2-7

NUMBER OF EMPLOYEES AT YEAR-END

	2022	2023	2024
KMF, total	18	20	20
- men	–	–	–
- women	18	20	20
Head Office	–	2	2
- men	–	–	1
- women	–	2	1
South region	3	3	3
- men	–	–	–
- women	3	3	3
Central region	4	4	4
- men	–	–	–
- women	4	4	4
North region	7	7	7
- men	–	–	–
- women	7	7	7
West region	–	–	–
- men	–	–	–
- women	–	–	–
East region	4	4	4
- men	–	–	–
- women	4	4	4



4.4. TOTAL NUMBER OF EMPLOYEES HIRED

GRI 401-1

NUMBER OF EMPLOYEES NEWLY HIRED DURING THE YEAR

	under 30 years old			30 to 50 years			over 50 years old		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
KMF, total	335	382	426	305	360	414	9	19	24
- men	178	183	238	142	136	161	1	7	6
- women	157	199	188	163	224	253	8	12	18
Head Office	88	108	149	98	144	157	1	7	13
- men	47	60	97	49	60	65	0	3	3
- women	41	48	52	49	84	92	1	4	10
South region	190	202	186	126	132	142	3	6	3
- men	104	103	110	67	52	65	0	2	1
- women	86	99	76	59	80	77	3	4	2
Central region	14	10	28	3	7	9	2	0	1
- men	5	3	8	0	1	3	1	0	0
- women	9	7	20	3	6	6	1	0	1
North region	29	31	34	48	50	69	2	5	5
- men	11	8	11	15	13	18	0	2	1
- women	18	23	23	33	37	51	2	3	4
West region	1	7	10	15	9	12	1	0	0
- men	1	3	2	6	1	2	0	0	0
- women	–	4	8	9	8	10	1	0	0
East region	13	24	19	15	18	24	0	1	2
- men	10	6	10	5	9	7	0	0	1
- women	3	18	9	10	9	17	0	1	1

4.5. EMPLOYEE TURNOVER RATE BY EMPLOYEE GROUP

GRI 401-1

EMPLOYEE TURNOVER RATE FOR THE YEAR

	under 30 years old			30 to 50 years			over 50 years old		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
KMF, total	10.0%	12.6%	11.4%	11.6%	16.3%	15.7%	0.7%	1.2%	1.0%
- men	5.8%	7.2%	6.8%	5.2%	6.9%	6.6%	0.3%	0.2%	0.3%
- women	4.2%	5.4%	4.6%	6.4%	9.5%	9.1%	0.3%	1.0%	0.7%
Head Office	7.5%	10.5%	12.0%	13.3%	15.5%	13.4%	0.6%	1.3%	1.5%
- men	4.2%	6.0%	8.3%	6.0%	7.7%	5.4%	0.2%	0.0%	0.6%
- women	6.5%	9.0%	7.2%	7.3%	7.8%	7.9%	0.4%	1.3%	1.0%
South region	10.4%	13.7%	10.8%	9.2%	15.1%	14.7%	0.5%	0.9%	0.3%
- men	6.6%	8.4%	6.9%	4.9%	7.0%	7.6%	0.2%	0.2%	0.1%
- women	3.7%	5.3%	3.9%	4.3%	8.1%	7.1%	0.3%	0.7%	0.3%
Central region	15.7%	13.6%	18.6%	11.4%	16.7%	22.9%	0.0%	3.0%	2.9%
- men	5.7%	4.5%	7.1%	2.9%	6.1%	8.6%	0.0%	1.5%	0.0%
- women	10.0%	9.1%	11.4%	8.6%	10.6%	14.3%	0.0%	1.5%	2.9%
North region	11.7%	11.0%	10.9%	19.2%	23.6%	23.4%	1.3%	2.5%	2.3%
- men	3.3%	4.2%	3.9%	5.8%	6.3%	6.3%	0.8%	0.4%	0.8%
- women	8.3%	6.8%	7.0%	13.3%	17.3%	17.2%	0.4%	2.1%	1.6%
West region	4.8%	3.0%	8.3%	9.5%	14.9%	20.8%	1.6%	0.0%	1.4%
- men	3.2%	3.0%	1.4%	4.8%	4.5%	2.8%	1.6%	0.0%	0.0%
- women	1.6%	0.0%	6.9%	4.8%	10.4%	18.1%	0.0%	0.0%	1.4%
East region	14.3%	21.2%	11.9%	14.3%	19.2%	15.3%	1.0%	1.0%	0.8%
- men	12.2%	11.5%	5.1%	5.1%	3.8%	5.1%	1.0%	1.0%	0.8%
- women	2.0%	9.6%	6.8%	9.2%	15.4%	10.2%	0.0%	0.0%	0.0%



4.6. NUMBER OF EMPLOYEES WHO EXERCISED THEIR RIGHT TO PARENTAL LEAVE

GRI 401-3

	UoM	2022	2023	2024
Total number of employees eligible for parental leave	persons	672	1,142	850
- men	persons	495	593	442
- women	persons	177	549	408
Total number of employees who took parental leave	persons	122	132	122
- men	persons	0	1	0
- women	persons	122	131	122
Number of employees whose parental leave ended during the year	persons	32	26	24
- men	persons	0	0	0
- women	persons	32	26	24
Total number of employees who returned to work after parental leave	persons	73	61	73
- men	persons	0	0	0
- women	persons	73	61	73
Total number of employees who returned to work after parental leave and still employed 12 months after returning from parental leave	persons	49	45	64
- men	persons	0	0	0
- women	persons	49	45	64
Return-to-work rate of employees after parental leave	%	60%	46%	60%
- men	%	0%	0%	0%
- women	%	60%	46%	60%
Retention rate	%	67%	73%	87%
- men	%	0%	0%	0%
- women	%	67%	73%	87%

4.7. GENDER AND AGE COMPOSITION OF MANAGEMENT

GRI 405-1

NUMBER OF EMPLOYEES AT YEAR-END

	under 30 years old			30 to 50 years			over 50 years old		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Board of Directors	-	-	-	-	-	-	-	-	6
- men	-	-	-	-	-	-	-	-	4
- women	-	-	-	-	-	-	-	-	2
Management Board	-	-	-	2	2	2	4	3	2
- men	-	-	-	-	-	-	1	1	2
- women	-	-	-	2	2	2	3	2	-
Heads of structural subdivisions	6	1	2	76	88	101	10	12	17
- men	3	-	-	45	54	56	2	3	2
- women	3	1	2	31	34	45	8	9	15
Heads of line subdivisions	44	30	30	290	304	321	14	18	17
- men	33	24	23	176	179	190	5	4	6
- women	11	6	7	114	125	131	9	14	11



List of Abbreviations

Abbreviation	Full name
JSC «Microfinance Organization «KMF», KMF, Company	MFO «KMF» JSC
ADB	Asian Development Bank
BIA	Business Impact Analysis
CIA	Certified Internal Auditor (international qualification)
CRMA	Certification in Risk Management Assurance (international qualification)
EBRD	European Bank for Reconstruction and Development
HR	Human Resources Management
ESG	Environmental, Social, and Governance
EIB	European Investment Bank
GRI	Global Reporting Initiative
IFC	International Finance Corporation
JICA	Japan International Cooperation Agency
KASE	Kazakhstan Stock Exchange
KPI	Key Performance Indicators

Abbreviation	Full name
LTIFR	Lost Time Injury Frequency Rate
NPL	Non-Performing Loans
NPL 90+	Non-Performing Loans with payments overdue for more than 90 days
OeEB	Austrian Development Bank
ROA	Return on Assets
ROE	Return on Equity
SIFEM	Swiss Investment Fund for Emerging Markets
USAID	United States Agency for International Development
ABIS	Automated Banking Information System
AMFOK	Association of Microfinance Organizations of Kazakhstan
JSC	Joint-Stock Company
Damu EDF JSC	Damu Entrepreneurship Development Fund
ARDFM	The Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
STB	Second-tier bank (commercial bank)

Abbreviation	Full name
Bureau of National Statistics of the Agency for Strategic Planning and reforms of the Republic of Kazakhstan	National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
GDP	Gross Domestic Product
GJ	Gigajoule (unit of thermal energy)
Gcal	Gigacalorie (unit of thermal energy)
IAD	Internal Audit Department
CPI	Consumer Price Index
PVI	Physical Volume Index
kWh	Kilowatt-Hour
KRI	Key Risk Indicators
CIT	Corporate Income Tax
KCF	Kazakhstan Credit Fund
KCCF	Kazakhstan Community Credit Fund
SME	Small and Medium-Sized Enterprise

Abbreviation	Full name
ILO	International Labor Organization
MFO	Microfinance organization
NBK	National Bank of the Republic of Kazakhstan
UN	United Nations
PF	Public Fund
GHG	Greenhouse Gases
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
PP	Percentage Point
RK	Republic of Kazakhstan
SWC	Separate Waste Collection
RF	Russian Federation
Mass Media	Mass Media
RMS	Risk Management System
USA	United States of America
LLC	Limited Liability Company
DPC	Data Processing Center
SDG	Sustainable Development Goals
ETP	Electronic Trading Platform

Glossary

Term	Definition
Agile	A flexible approach to project management based on iterative development, continuous feedback, and team involvement.
GHG Protocol (Greenhouse Gas Protocol)	An internationally recognized methodology for accounting for greenhouse gas emissions.
IPCC (Intergovernmental Panel on Climate Change)	A scientific body under the UN that develops assessments on climate change.
KMF Isker hanymy	An annual award established by KMF to support and recognize women in micro-entrepreneurship.
Two-Tier System Board	A corporate governance system with a division of functions between the Board of Directors and the Management Board.
UN Global Compact	A UN initiative that encourages companies to be socially responsible and conduct business in a sustainable manner, based on 10 principles in the areas of human rights, labor, the environment, and anti-corruption.
Automated AML System	A system for combating the laundering of proceeds from crime.
Underwriting	Assessment of a borrower's creditworthiness and risks when disbursing a loan.
Vintage Analysis	A method of analyzing the quality of a loan portfolio by cohorts of loans disbursed during a specific period.
Grade	Grouping of positions on certain grounds for the purpose of building an incentive system.
Stakeholders	Individuals and legal entities related to the company's activities, capable of influencing its results or experiencing the company's influence on their activities.
Consumer Price Index	An indicator of changes in the overall level of prices for goods and services consumed by households.
Physical Volume Index	An indicator reflecting changes in the volume of production or sales of products, excluding prices.
Inclusion	An approach that ensures equal opportunities among employees, customers, and other stakeholders, including people with disabilities, representatives of different age groups, genders, and ethnic groups.
Cafeteria of Benefits	A flexible system of non-monetary compensation in which employees choose benefits at their discretion.
Conflict of interests	A situation in which the personal interests of an employee, member of the management body, or counterparty may influence or be perceived as influencing the objectivity and impartiality of their decisions to the detriment of the company's interests.
Loan Migration Matrix	A table showing the movement of loans between different quality categories.
Materiality matrix	A management tool that helps organizations identify and prioritize the importance of various economic, environmental, and social issues for the business and its stakeholders.

Term	Definition
Mentoring	A form of professional support and development in which a more experienced employee (mentor) shares knowledge, experience, and advice with a less experienced colleague to help them adapt, grow, and achieve their career goals.
Responsible financing	An approach to providing financial services that aims to ensure sustainable economic growth, social justice, and environmental protection.
Scope of Greenhouse Gases	Scope 1 – direct emissions; Scope 2 – from purchased energy; Scope 3 – in the value chain.
Greenhouse Gases	Gases in the atmosphere that trap heat and contribute to global warming, including carbon dioxide (CO ₂), methane (CH ₄), and nitrous oxide (N ₂ O).
Prudential Standards	Regulatory requirements for the financial stability of organizations.
Estimated equity capital	Capital calculated taking into account regulatory requirements and sustainability indicators.
Repo	A transaction involving the repurchase of securities with an obligation to return them after a certain period of time.
Return on Assets (ROA)	An indicator of the efficiency of a company's use of its assets.
Return on Equity (ROE)	An indicator of the efficiency of equity utilization.
Conciliation Commission	A temporary body created to resolve disputes between parties.
Material Topics	Priority economic, environmental, social, and governance issues that are most important to the company and its stakeholders and have a significant impact on sustainable development.
Staff turnover	The process of employees leaving an organization at their own request or at the initiative of the employer during a certain period.
Tender	A form of selecting suppliers of services or goods based on competitive bidding.
Carbon Footprint	The amount of greenhouse gas emissions directly or indirectly related to a company's activities.
Sustainable development	Development in which a company manages the impact of its activities on the environment, economy, and society and makes decisions that take into account the interests of stakeholders.
Facilitation of team meetings	A technique that ensures effective interaction between participants in a group discussion.
Fugitive emissions	Unintentional greenhouse gas emissions due to leaks in air conditioning systems.
Two-Factor Authentication	A security method that requires two methods of user identity verification.




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