

KASE: Markets and Activities

Alina Aldambergen

Chairman of the Board of KASE

Vice-Chairman of FEAS

October 20, 2021



Kazakhstan: Facts and Figures

Territory **2.7 mln. sq.km.**
 worldwide – 9th place
 amongst CIS countries – 2nd place

Population **18.9 mln.**

GLOBAL COMPETITIVENESS INDEX 2019

Shareholder governance	1	
Corporate Governance	12	Kazakhstan
Business dynamism	35	ranked 55th
Labor market	25	out of 141
GDP	41	countries
Market size	45	



Sovereign Credit Ratings/ Investment Grade:

S&P Global
 BBB-/stable/A-3
 (03.09.2021)

FitchRatings
 BBB/stable/F2
 (13.08.2021)

MOODY'S
 Baa2/stable
 (11.08.2021)

Geographical Location and Transit Potential

A major transport and logistics hub, linking markets of China and South Asia to Russia and Western Europe.

Access to Millions of Consumers

- A member of the EAEU with access to more than **180 mln. consumers**
- A gateway to the markets with over **500 mln. people**: 150 million in Caspian Sea countries, 50 million in Central Asia and 300 million in Western China.

Kazakhstan: the Land of Resources

Kazakhstan is a country with rich resources

Almost all elements of Mendeleev's periodic table can be met in Kazakhstan

29th place in the world on human capital development index

Cheap and reasonable

Qualified staff

Monthly salary
\$416 Kazakhstan \$548 Russia
\$701 China

Simplified employment procedure

Non-visa regime for citizens from more than 65 countries includes all OECD member-countries

The country is among world leaders

1st place

Uranium, zink, wolfram and barite reserves

2nd place

Silver, lead and chromite reserves

3rd place

Copper and fluorite reserves

4th place

Molybdenum reserves

6th place

Gold reserves



70 types of resources have been researched

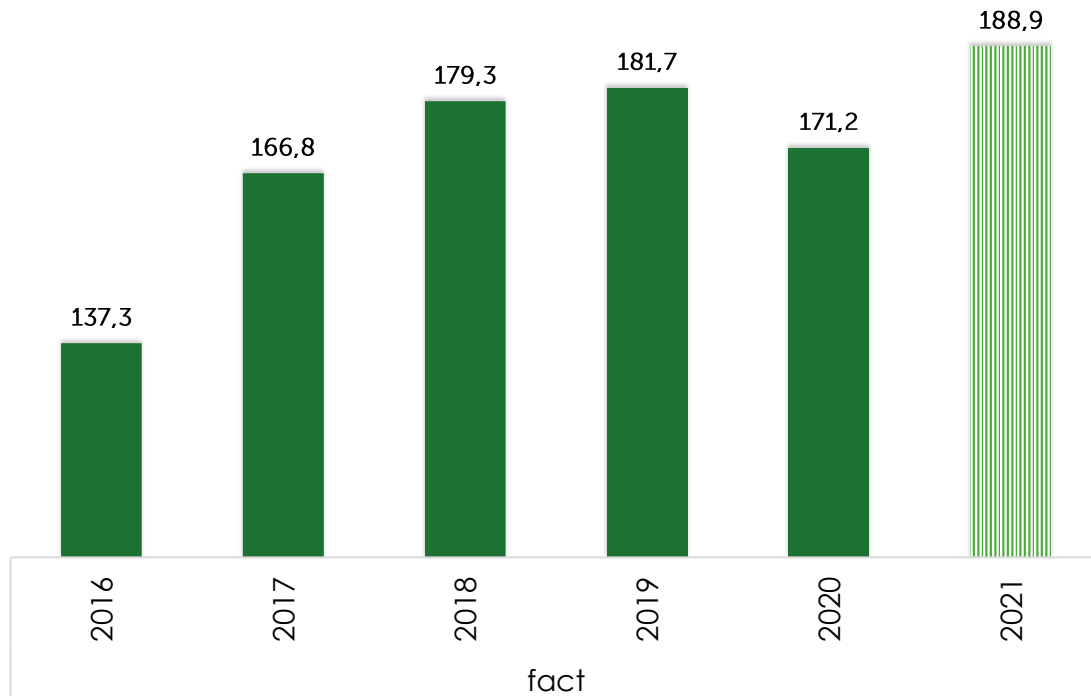


60 elements are currently being produced



GDP Growth in Kazakhstan

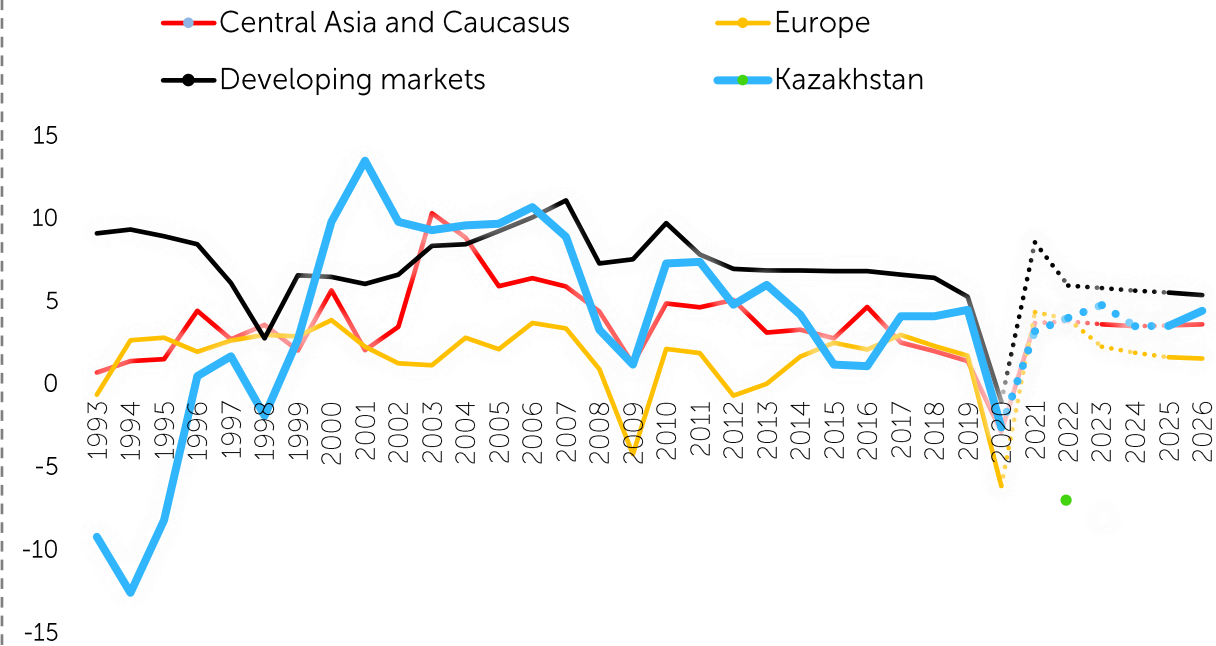
GDP Annual Growth, USD bn.



Debt to GDP Ratio

Compared to developed countries and Central Asian countries, the debt-to-GDP ratio, which measures the country's ability to repay its debt, is **relatively low and stable in Kazakhstan**

Forecast of the Level of Real GDP According to the IMF



GDP Forecast 2021

According to the IMF, real GDP growth in Kazakhstan is expected at **3.2%** this year

KASE – Universal Exchange (1/2)

Our company



▲ Today KASE is the universal financial market with established mechanisms for interaction of all participants

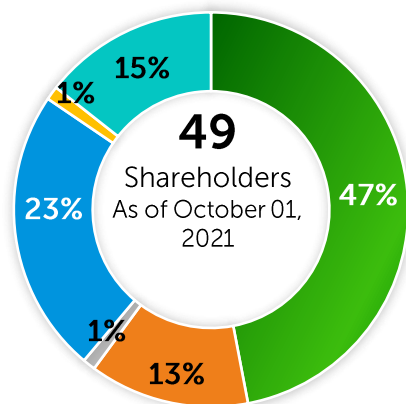
▲ KASE infrastructure provides for disclosure of issuers' information and commitment to market nature of the trades

▲ KASE mission is to promote the Kazakhstan economic growth



Our shareholders

- National Bank
- MOEX
- Brokers
- Banks
- Retail Investors
- Others



47.0% - NBK
13.1% - MOEX
38.8% - financial organisations

Our services



LISTING

- securities listing for public trading
- private placement
- disclosure of information about issuers' activities



MEMBERSHIP

- equities
- FX
- derivatives



FINANCIAL INSTRUMENTS

- securities
- currencies
- repo operations and currency swaps
- derivatives



POST-TRADING SERVICES

- clearing
- settlement
- CCP



DISSEMINATION OF MARKET DATA

- trading results
- real-time and delayed data
- historical data
- IRIS Finance software product
- KASE MOBILE



IT SOLUTIONS

- three trading systems
- settlement and clearing systems
- FIX-Gateway and FAST protocols
- Web services for market participants

KASE – Universal Exchange (2/2)

5
currency pairs



214
issuers



133
shares
in trade list



312
corporate bonds
in the trade list



5th place

on domestic market capitalization among
stock exchanges of FEAS
(as end of 2020)



2nd place

among CIS exchanges by traded volume
(2020)



49
members of the
exchange



>196 th
accounts of retail
investors



28+
years on the capital
market



Frontier

MSCI FTSE



Market Infrastructure

 **Regulatory Body: The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market**

≈ 197 000 Accounts

high growth potential in the coming years

Non-residents in the Stock Market 9M 2021:

≈ 6% in the stock market
 ≈ 8% in the state securities market
 ≈ 9% in the bond market

More than 100 Companies

assets ≈77 bn. USD

> 4 700 Legal Accounts

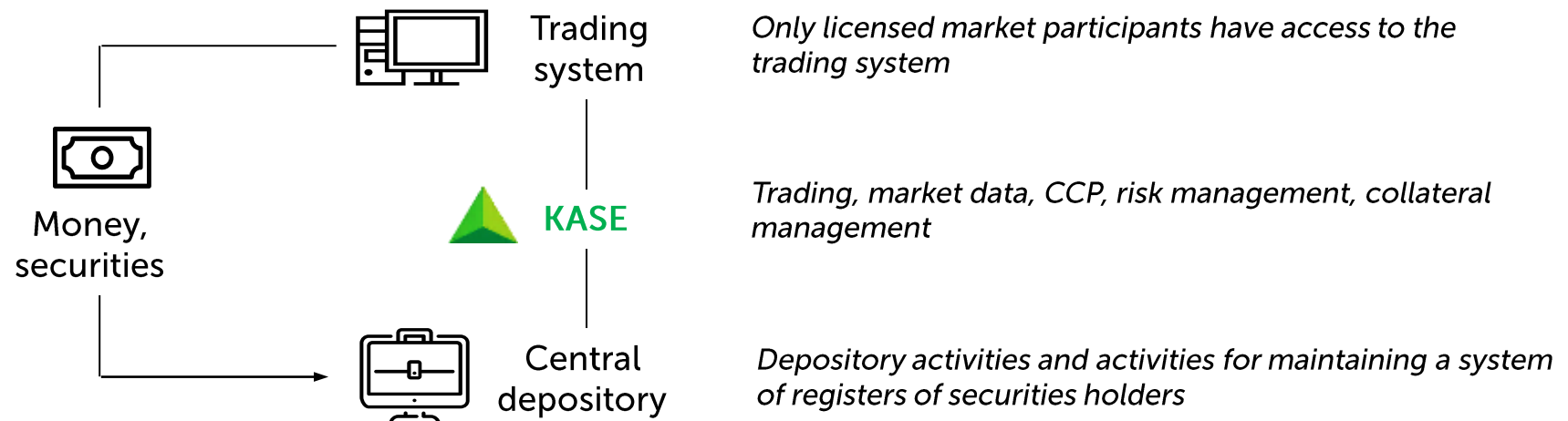
out of 188 issuers ≈ 16% with investment grade rating

 **Retail Investors**

 **International Investors**

 **Institutional Investors**

 **Companies**



Membership in International Organisations and International Partnership

Position of Kazakhstan 2020



2 place
out of 12

- by trading volume in the stock market
- by volume of corporate debt in circulation and volume of bond trading

3 place

- by volume of capitalization in the stock market



5 place
out of 17

- by volume of capitalization in the stock market

8 place

- by trading volume in the stock market



51 place
out of 70

- by volume of capitalization in the stock market

58 place

- by trading volume in the stock market

20 place

- by trading volume in the bond market



UN initiative
"Sustainable Stock Exchanges"



Member of the Software & Information Industry Association's Financial Information Services Division (SIIA/FISD)



Participant of The Organisation of Islamic Cooperation (OIC) Member States' Stock Exchanges Forum



Cooperation with Bloomberg and Refinitiv (dissemination of real-time data)

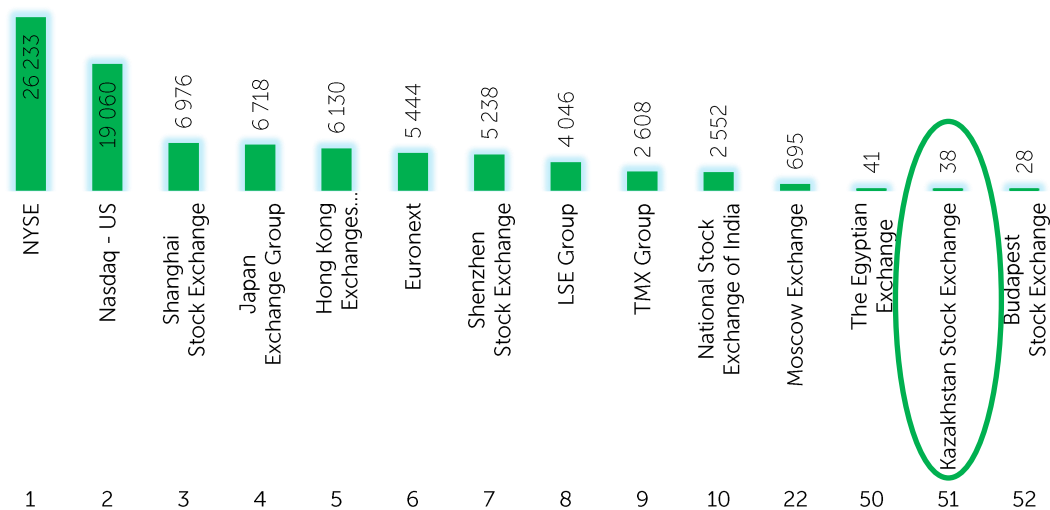


Cooperation with Exchange Data International Ltd., Interactive Data Corporation, Cbonds (delivery of information products)



Cooperation with Wiener Börse and China Investment Information Services Ltd. (delivery of all market information)

Capitalization of world stock exchanges, USD bn



2021 | Year of New Achievements

+28%

trading volume

+17%

trading volume on shares market

X 2.2

trading volume on the secondary corporate bond market

x3.2

trading volume on the mutual fund market

from the beginning of 2021

+65 000

new accounts opened by individuals

+26%

growth of the KASE Index

+50%

stock market capitalization

+88_{new}

non-government securities on the official list

More than 15 types of financial instruments in trade lists:

**1 233 instruments, including 830 securities issues;
198 instruments in the T + list**

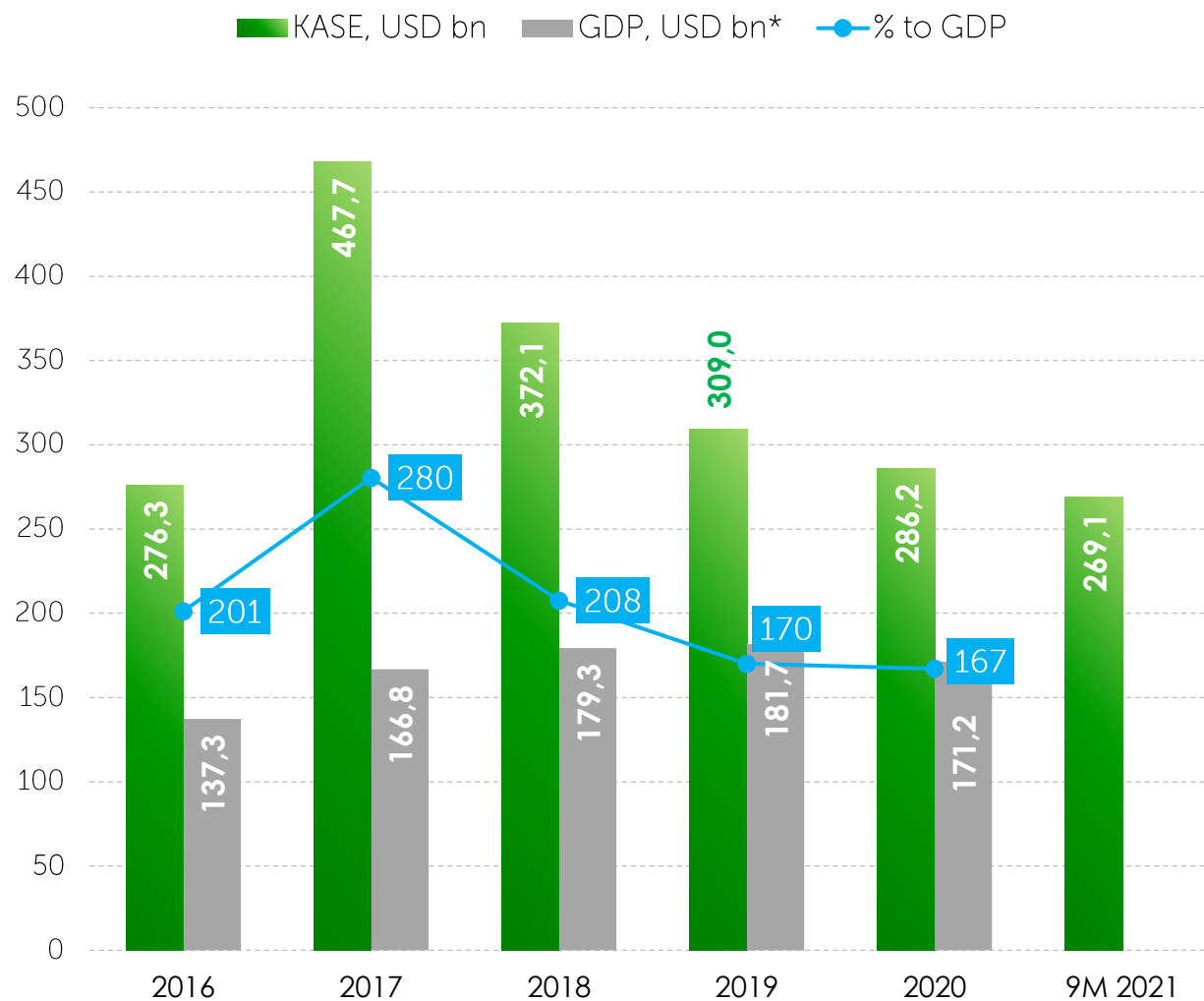
as of October 2021

Stock market			Money market	Currency market	Derivatives
Stocks	Bonds	Other Securities	Swap operations	Spot	Futures
IPO / Auctions	Auctions	Secondary market	RUBKZT	RUBKZT	KASE Index
Buyback	Secondary market	Securities of investment funds	USDKZT	USDKZT	USDKZT
Secondary market	Government Securities	ETF	CNYKZT	CNYKZT	From July 7 2021: KZAP HSBK
Large companies	Ministry Finance		EURKZT	EURKZT	
SME	Municipal bonds		Autorepo	EURUSD	
Dual listing	National Bank Notes		Stocks		
GDR	Foreign Government Securities		Bonds		
	Corporate bonds		State securities basket		
	IFO bonds				
16	180	2	363	16	24
125	487	20			
Settlements					
T+2	T+2	T+2	от T+1 до T+1Y	T+0	T+1W
T+0 - illiquid Securities	T+0 – illiquid Securities	T+0	от T+0 до T+90	T+1	T+1M
				T+2	T+3M
					T+6M

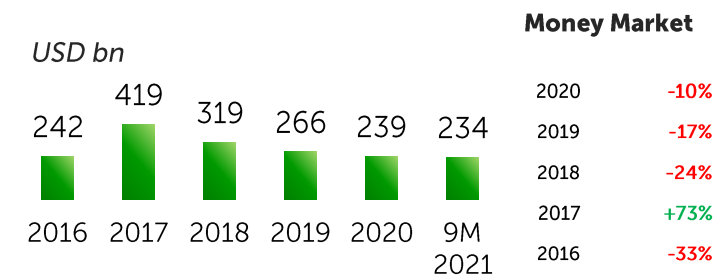
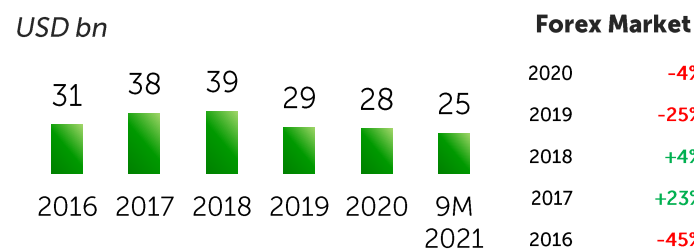
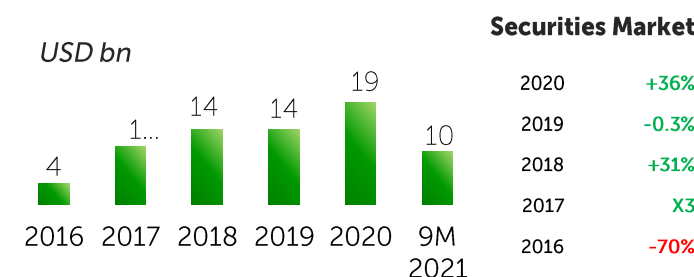
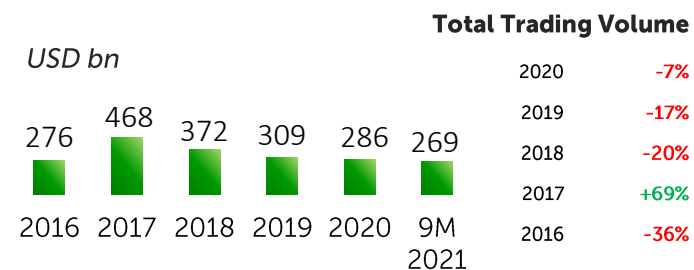
Source: KASE

Volume and Structure of the Market

KASE Market Volume and Kazakhstan's GDP



Source: KASE, Committee on Statistics of Ministry of National Economy of the Republic of Kazakhstan



KASE Members



- 49** Total market participants, including:
 - 22** Banks (out of 22)
Kazakh residents
 - 20** Brokerage companies (out of 20)
Kazakh residents
 - 3** Foreign participants (*Freedom Finance Investment Company, UNIVER Capital, Raiffeisen Bank*)
 - 2** International financial institutions (*Eurasian Development Bank, Interstate Bank*)
 - 12** Direct market access providers

Source: NBRK, KASE

New Members of KASE in 2021:

Foreign Exchange Market

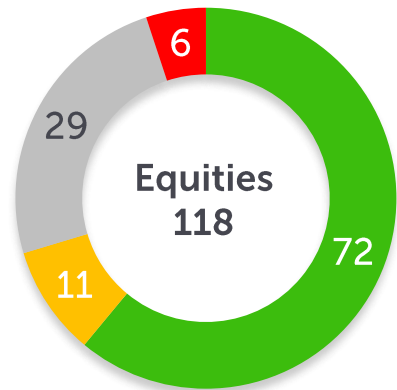


Derivatives Market

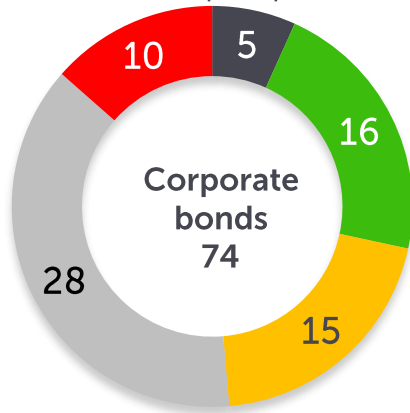


KASE Official List Structure

Structure of Issuers in the Official List



- Development institutions
- real private
- real quasi-public
- financial private
- financial quasi-public



Structure of Private and State Securities Included in the Official List

133
stocks

16
investment trusts

4
GDR

312
corporate bond

42
IFI bond

6
ETF

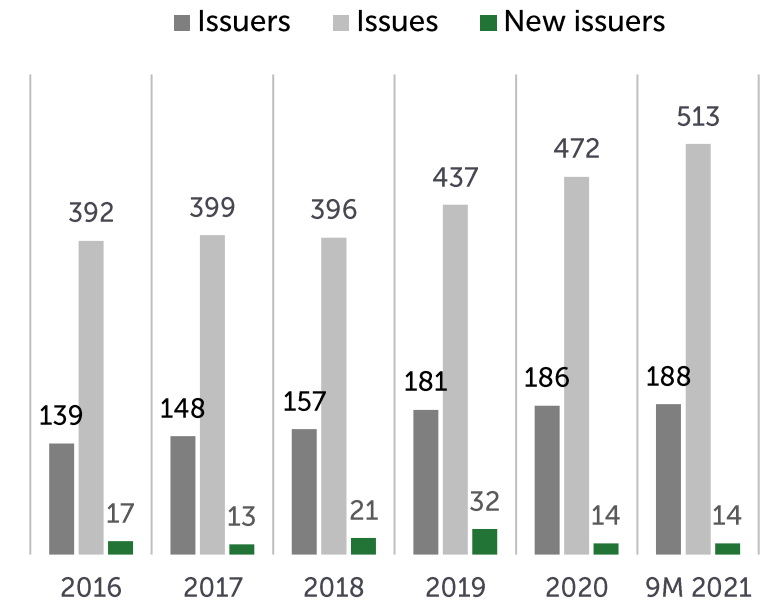
Structure of Public Securities in the Official List

141
Municipal Bonds

128
Bonds of Ministry of Finance

12
Notes of National Bank

32
International Government Bonds

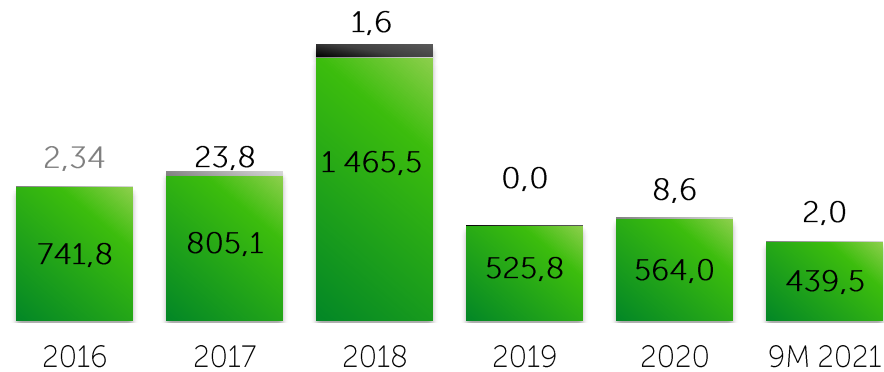


As of 01.10.21 KASE official list featured 826 instruments of 214 issuers, including 198 instruments traded by T+

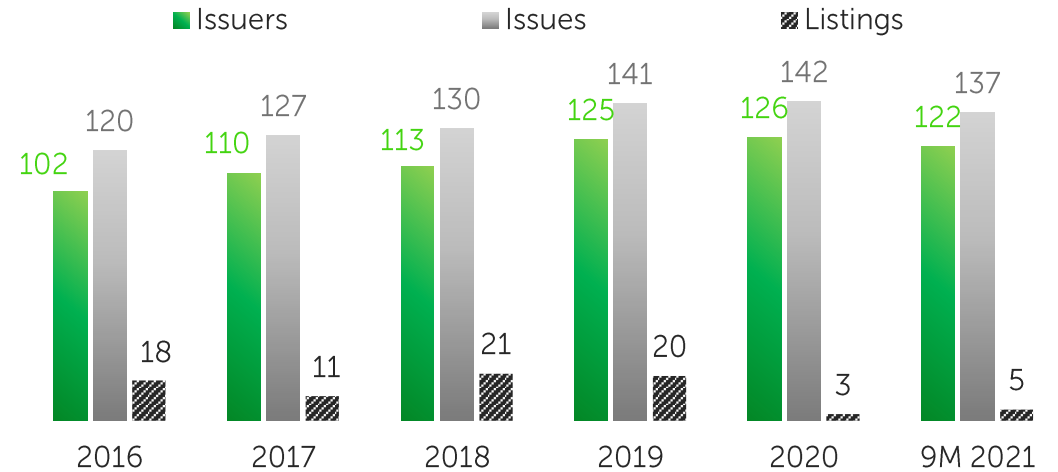
Equity Market

Trading Volume, USD mln

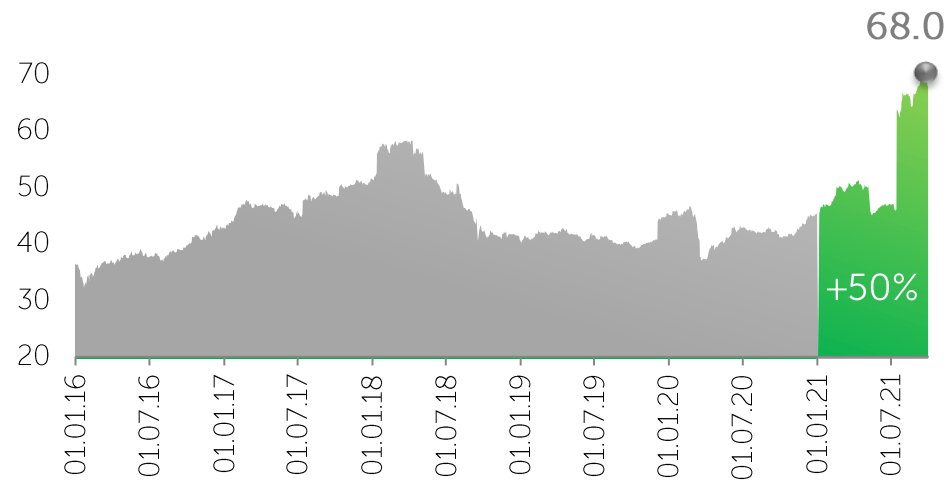
■ KazMunaiGas EP (repurchase) ■ Primary market ■ Secondary market



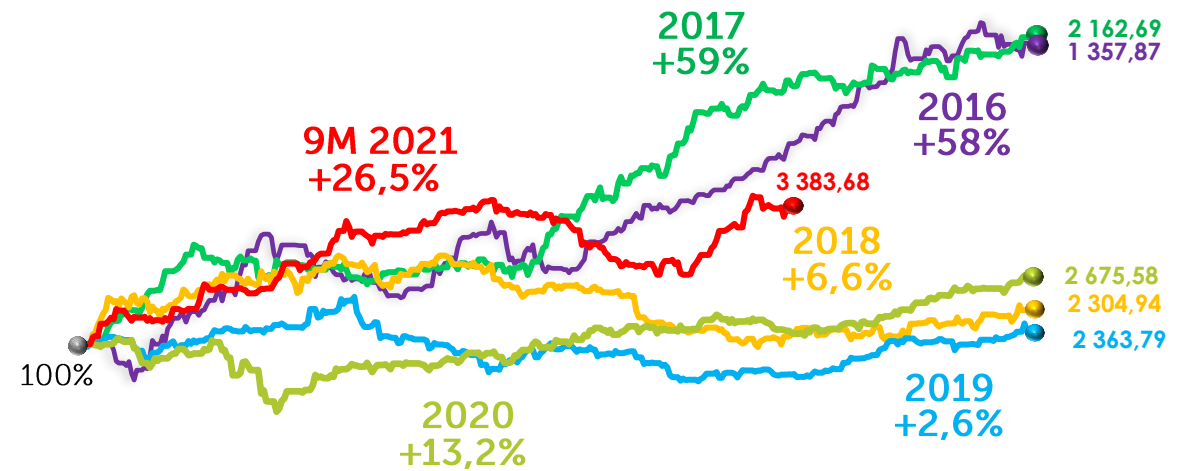
New Listings



Equity Market Capitalization, USD bn



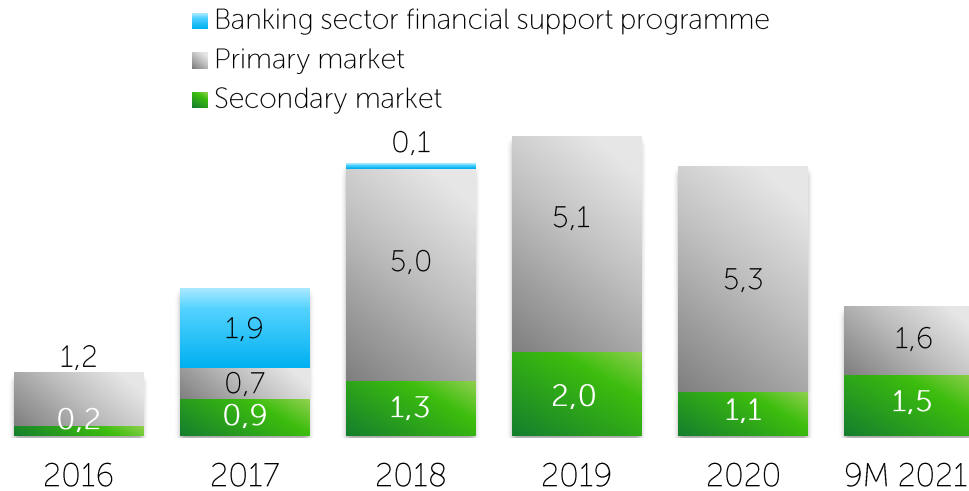
KASE Index 2016- 9M 2021



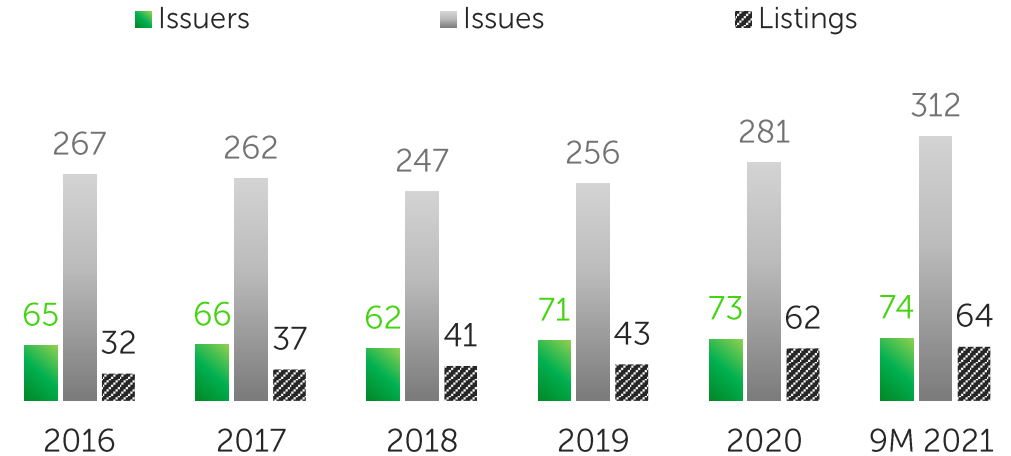
Source: KASE

Corporate Bonds

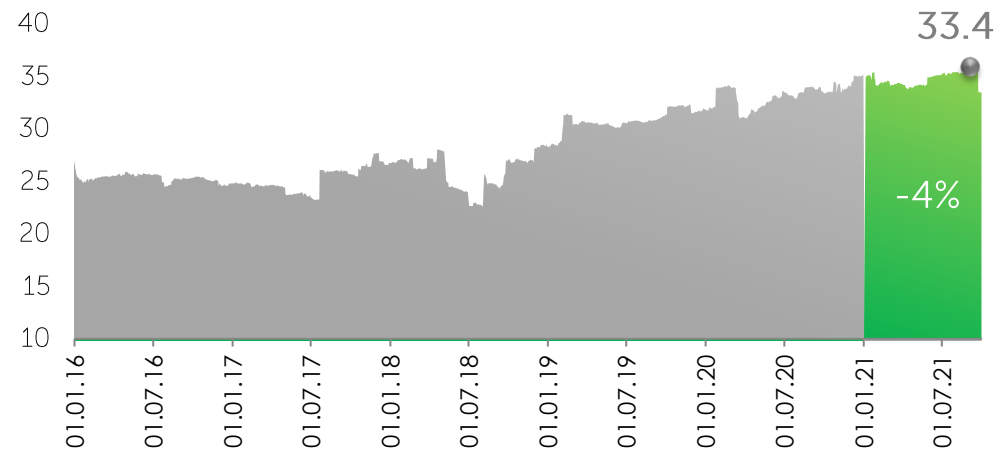
Trading Volume, USD bn



New Listings

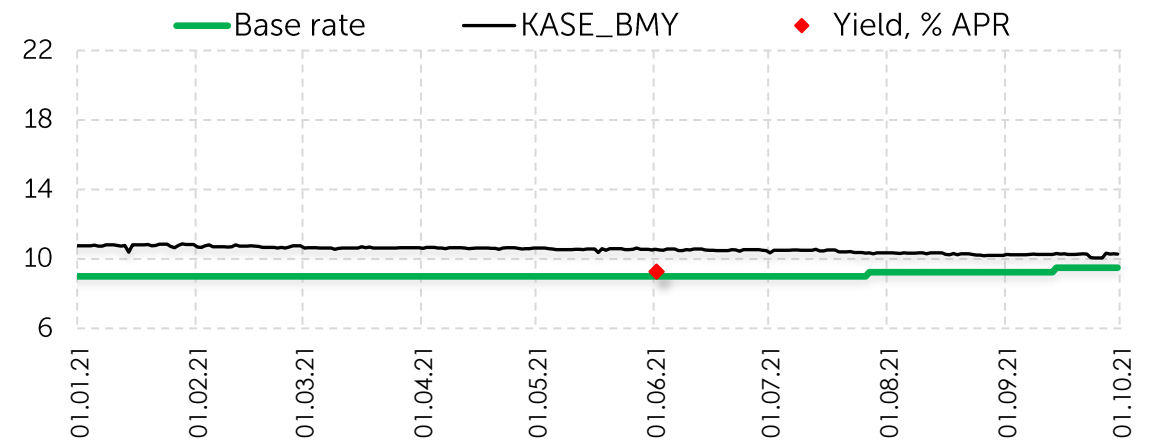


Volume of Outstanding Corporate Debt, USD bn



Market Offerings 9M 2021

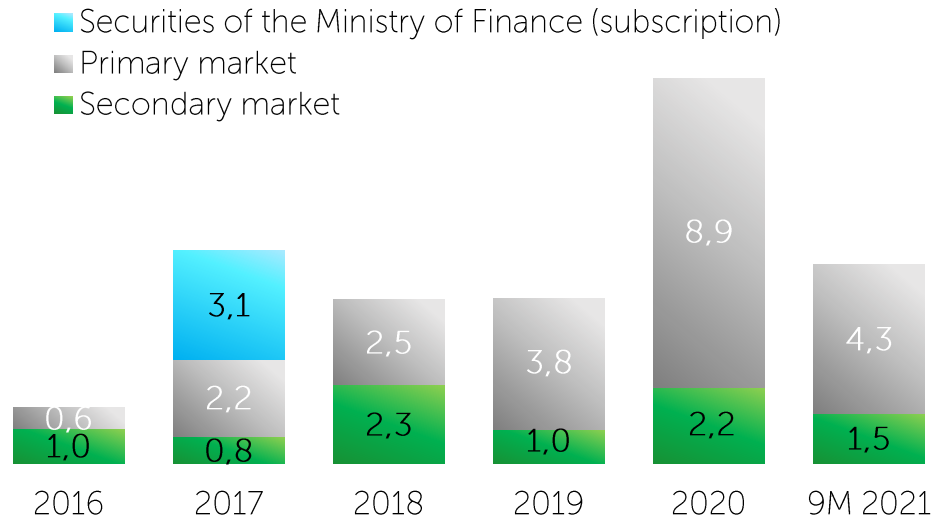
from 9.7% to 20.0% per annum



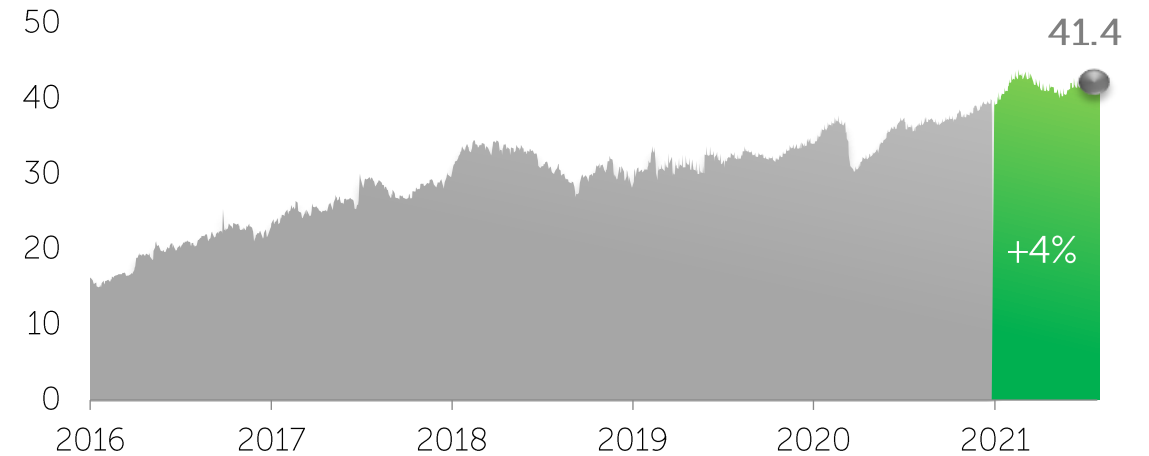
Source: KASE

State Securities

Trading Volume Dynamics, USD bn

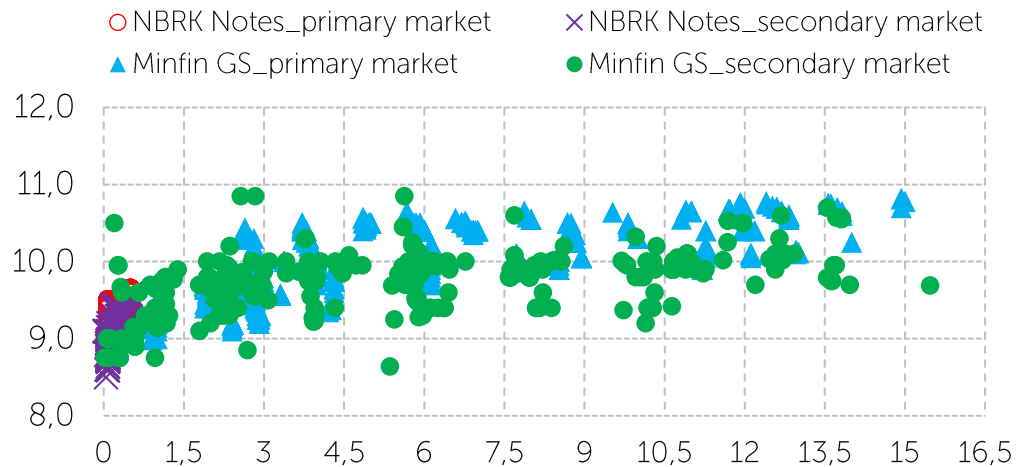


Amount of Government Debt (at Face Value) Traded on KASE, USD bn

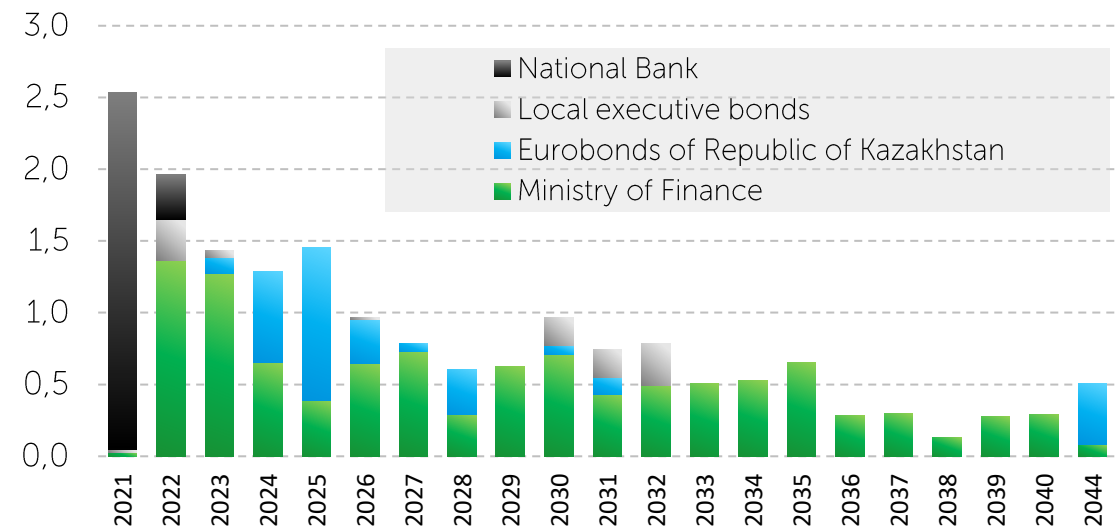


Yield of MEKAM in 2021:

from 9.0% to 10.8% per annum



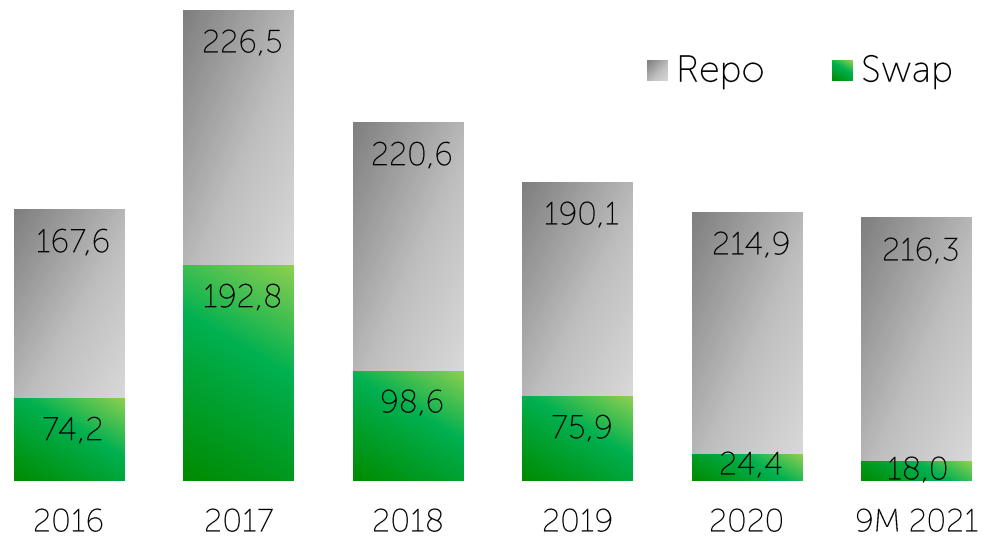
Public Debt Redemption, KZT trln



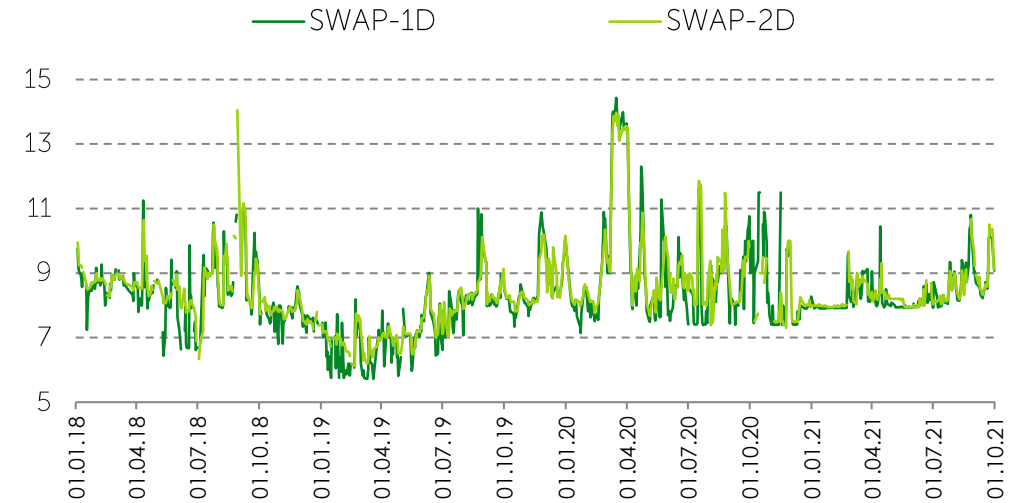
Source: KASE

Money Market

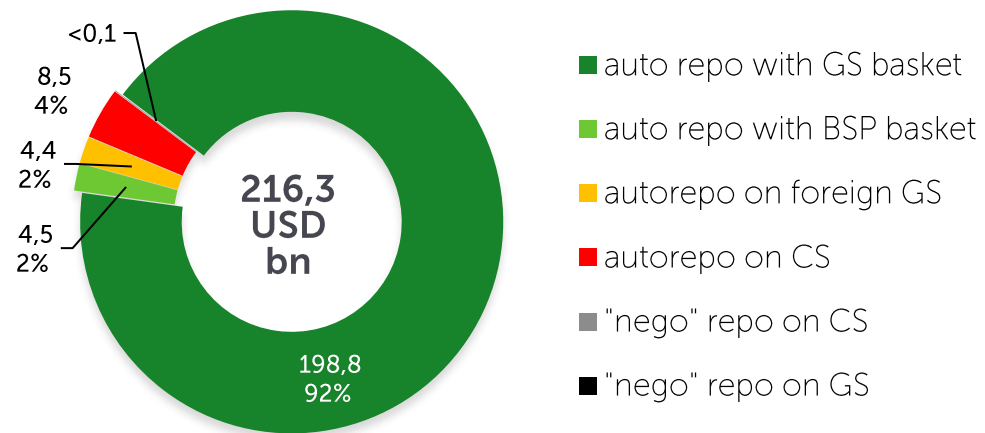
Trading volume, USD bn



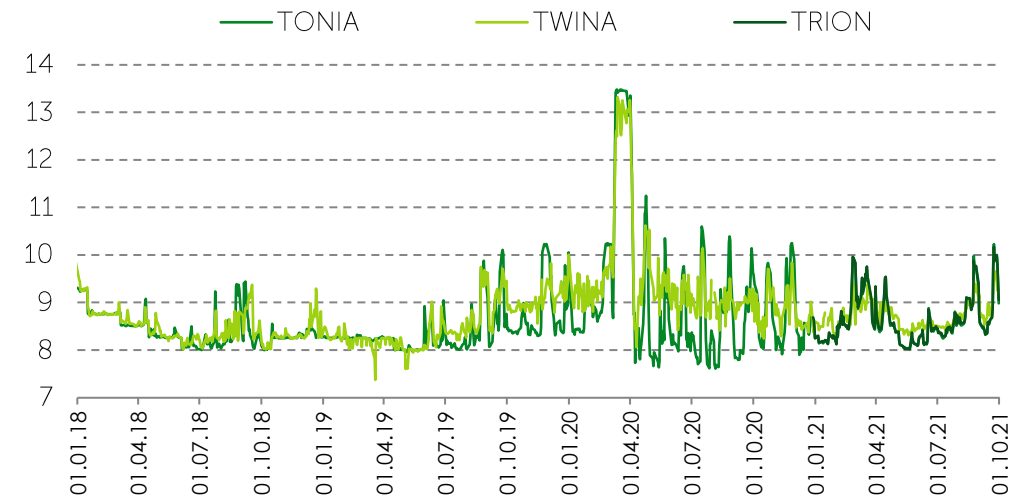
Swap market indicators, %



Repo market instruments 9M 2021, USD bn



Repo market indicators, %

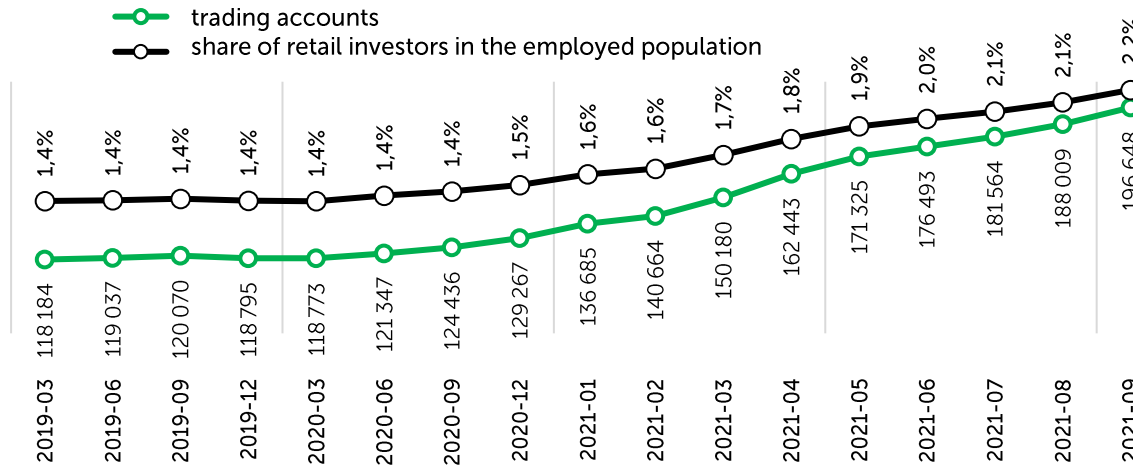


Source: KASE

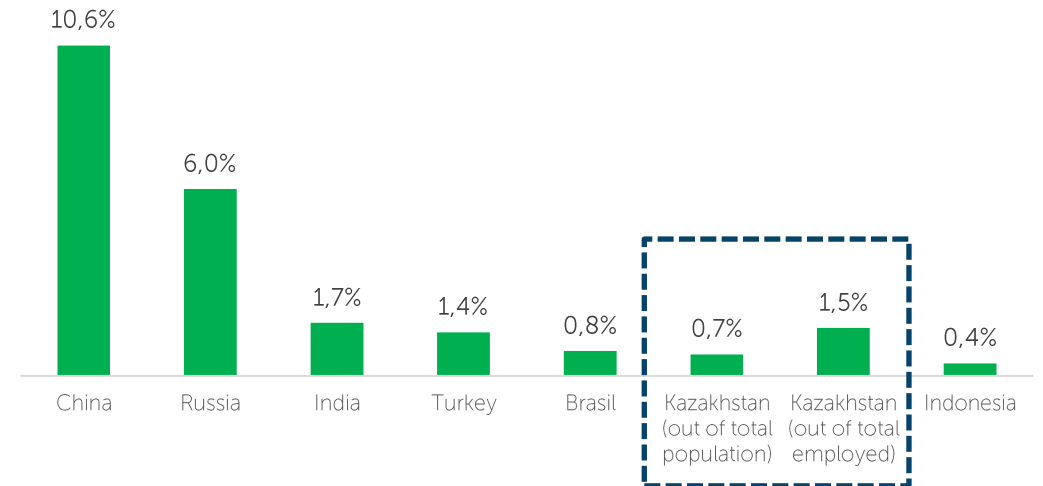
Growth in the Number of Retail Investors:

>196 600 accounts (+65 200 new)

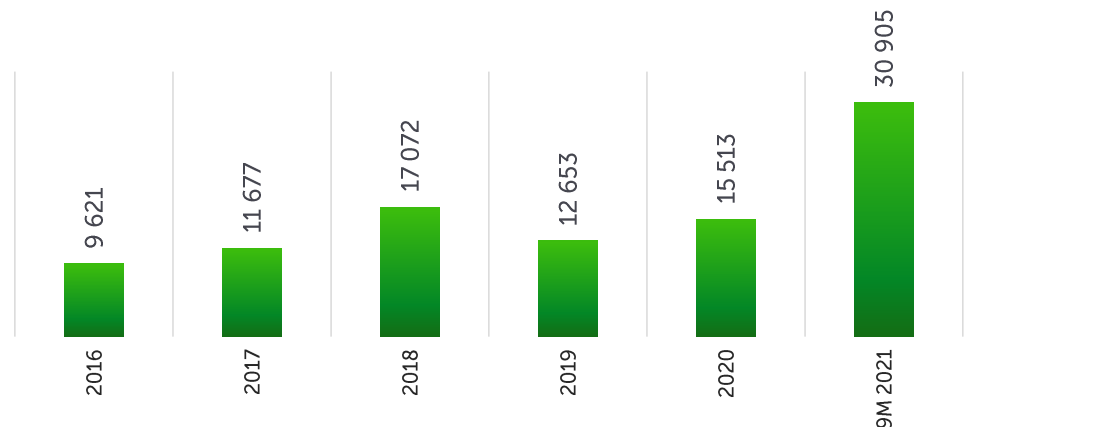
The number of Accounts of individuals in the CSD



Number of Retail investors as a Proportion of the World's Population in 2020



Active Accounts of individuals in the Stock Market



+65 232

new accounts for 9M 2021

+63 787

increase in accounts for 9M 2021

≈2,2 %

of the employed population of Kazakhstan are retail investors

Source: KASE, CSD Kazakhstan, Committee of Statistics

KASE Development Strategy for 2019-2021

IT Modernization

- Implementation of new trading and clearing systems in all markets
- Implementation of new data centers
- Ensuring information security and fault tolerance of systems

Listing process automated – March 2021

Implementation of the Web-terminal IRIS / second half of 2021

Reengineering of internal systems / 2021

Expansion of KASE Mobile functionality / second half of 2021

Launching of CCP Services

- Implementation of CCP in all markets
- Stock market netting and repo
- Multi-instrumental support of transactions
- Settlement cycle from T + 0 to T + 2
- Pre-trade collateral control
- Attraction of liquidity providers

Extending the term of repo transactions using the "automatic" method – March 2021

Increasing Liquidity of the Exchange Market

- Attracting regional financial organizations as KASE members
- Implementation of programs for market makers
- Inclusion of exchange services through direct contacts with potential issuers and investors

Start of trading on omnibus accounts - July 2021

Implementation of Sustainable Development Principles

- Increasing transparency of KASE
- Implementation of environmental standards for doing business
- Increasing social responsibility

Development of a sustainable development policy for the Exchange / 2021



New Trading and Clearing Systems Implemented in All Markets in Accordance with the Agreement with MOEX

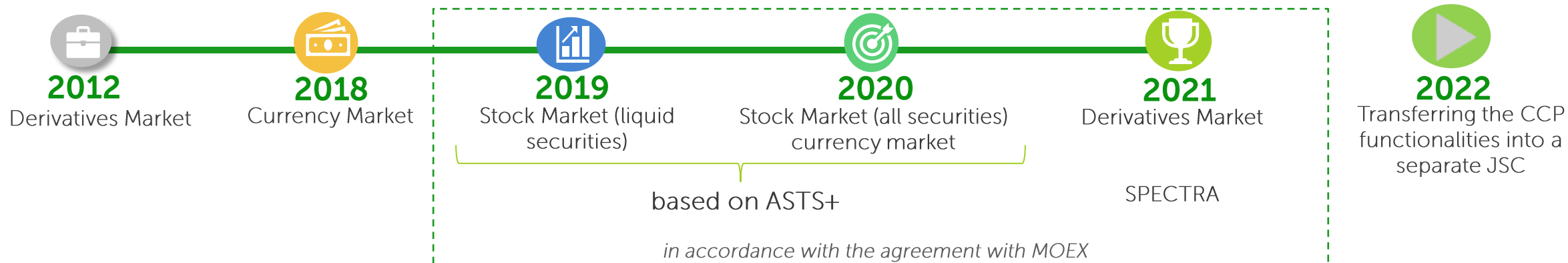
Stock Market ASTS+

Currency Market ASTS+

Derivatives Market Spectra

Instruments:	all stock market instruments, repo transactions with securities and baskets	currency pairs, swap operations for specified currency pairs, deliverable futures contract	USDKZT futures, KASE Index futures, futures for two denominations of shares
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Implementation of CCP in the:



Key Features



Opportunities to trade in various financial instruments



Supports broad range of trading methods and rules



Real-time tracking of the current positions of trading participants



Providing users with a wide range of information during the course of trading in real time



Calculating indices in real time

New Trend: ESG Bonds

Development of ESG Standards

Adoption of a **new Environmental Code**, which entered into force on July 1, 2021

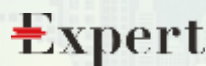
Introduction of the concept of **social bonds** by the Agency for Regulation and Development of the Financial Market of RoK

Changes to the KASE Listing Rules: requirement to provide **verification** - a document confirming an independent evaluation of sustainable development projects

KASE provides **incentives** for green and other bonds issued to finance sustainable development projects

KASE determines the list of organizations - **potential verifiers**

4 organizations are recognized as verifiers in accordance with the standards of the ICMA и Climate Bond Initiative:



ESG on KASE: Key Highlights



Implemented Projects on KASE

Asian Development Bank

3 issuances of ESG bonds ~US\$ 52 mln.



Purpose:

- social: gender equality in housing finance
- green: climate change adaptation and mitigation projects in Kazakhstan

Fund "Damu"

1 issuance of social bonds ~US\$ 2.3 mln.



Purpose:

- financing of the SMEs most affected by the COVID-19 pandemic

Eurasian Development Bank

1 issuance of green bonds ~US\$ 47 mln.



Purpose:

- financing ESG projects in Kazakhstan

Increasing Financial Literacy of the Population

Ring the Bell for Financial Literacy



KASE among **78** exchanges around the world holding virtual bell ringing ceremonies to promote financial literacy during World Investor Week 2021

Educational Webinars

Purpose: training in the stock market and application of various strategies in the stock market

 **+10 000** participants

Competition among Retail Investors

Purpose: popularization of the stock market among retail investors

The event has been held annually since 2016

 **+3 000** participants

 **+21 000** deals

Trading System Simulator

Purpose: increasing students' financial literacy

The event has been held annually since 2008

 **+9 000** students



KASE Today

Platform for trading of state securities issued by the National Bank and Ministry of Finance of RoK, FX and open money market operations by the National Bank

Stock and Money Market Indices and Indicators

Multi-instrumental Support of Transactions

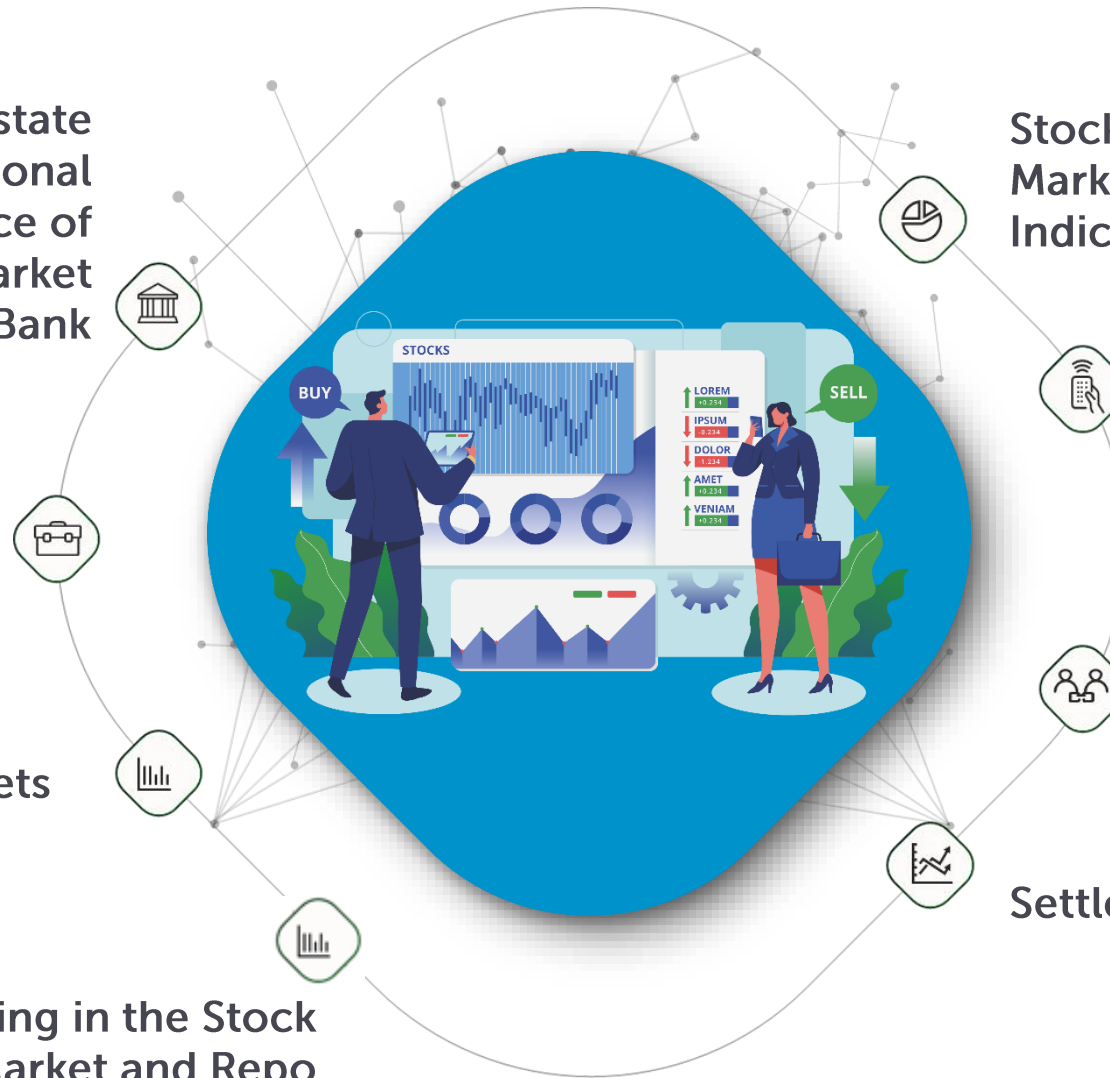
New Trading and Clearing Systems in All 4 Markets

CCP in All Markets

Trading Using Omnibus Accounts

Netting in the Stock Market and Repo

Settlement Cycle from T + 0 to T + 2





FEAS
FEDERATION OF EURO-ASIAN
STOCK EXCHANGES

KASE

Қазақстан қор биржасы
Казахстанская фондовая биржа
Kazakhstan Stock Exchange

Thank You



Republic of Kazakhstan, 050040
Almaty, Baizakov str., 280
North Tower
Multifunctional complex
"Almaty Towers", 8th floor
Phone.: +7 (727) 237 5300
Fax: +7 (727) 296 6402
e-mail: info@kase.kz
www.kase.kz