



KASE



**DEVELOPMENT STRATEGY
2022-2024**

DECEMBER 2021

National development plan of the Republic of Kazakhstan until 2025

Direction: development of the stock market and its infrastructure, creating conditions for attracting capital and protecting investors

Implementation steps:

- Attracting funds from strategic and retail investors
- IPO of national companies
- Integration and promotion of the Kazakhstan securities market to international capital markets
- The expansion of commercial banks' mandate to provide a full range of brokerage services
- Transfer of a part of the pension assets of the National Pension Fund to private management
- Differentiated taxation of companies that carried out an IPO on the Kazakhstan stock market
- Establishment of conditions for companies receiving government support for the mandatory entry into the stock market
- Providing guarantees, subsidizing the coupon rate on bonds, reimbursing the costs of entering the stock market for SMEs
- Introduction of new types of instruments - bonds intended for private placements, investment bonds with flexible debt repayment terms, green financing instruments and clearing certificates

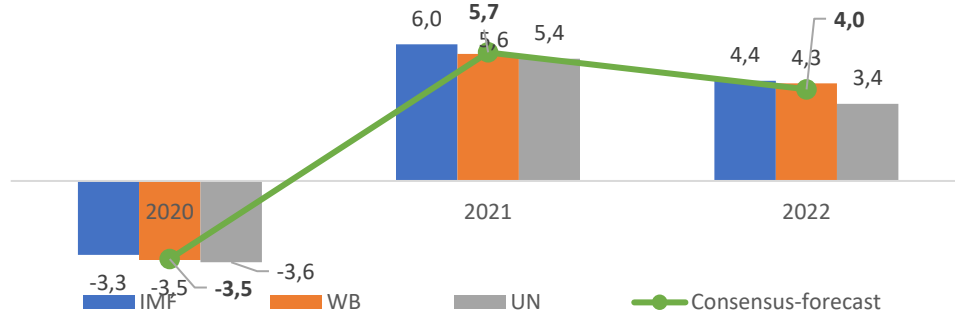
Agreement between the Government, National Bank and Agency for Regulation and Development of the Financial Market of Kazakhstan for 2021-2023

Direction: development of effective alternative sources of funding, including the stock market tools and the mobilization of funds of institutional and retail investors.

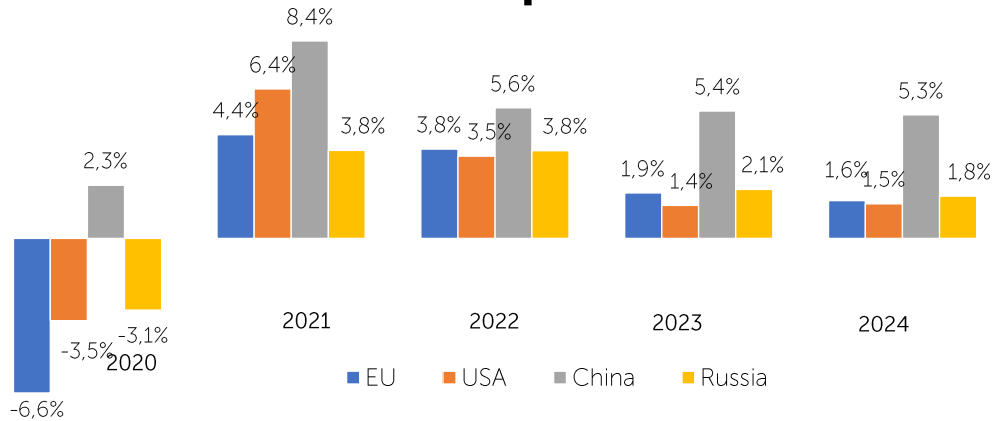
Implementation steps:

- IPO of national companies (creation of tax incentives, requirement to partial attraction of the funds through the stock market, full compliance of applications on the local market)
- Facilitating access for retail investors to the stock market
- Creation of a new class of professional participants in the securities market - brokers of the second category
- Development of the corporate bond market through the provision of guarantees for the payment of coupon interest, par value on issued corporate bonds
- Substitution of external borrowing for long-term tenge financing through attraction of bank liquidity

Consensus – forecast on the world economy's increase



IMF's forecast on the GDP of Kazakhstan's main trade partners



Current trends

- World development institutions expect a **significant revival of business activity** due to the mass vaccination and the provision of additional measures of the governmental support in the largest countries.
- According to the forecasts of the International Energy Agency, a **gradual recovery of the oil market** is expected in 2021-2023, reaching a plateau by 2030.
- Lockdowns caused by COVID-19 Pandemic disrupt globalization processes, strengthening self-isolation and protectionism trends
- The **emphasis on localization** may lead to increased capital outflows from emerging markets.
- The COVID-19 pandemic has made the **digitalization of society and the economy irreversible**
- Business continues search, design and implementation of **'green' technologies**.

Risks presented to Kazakhstan by world economy

Continuation of COVID-19 pandemic

- Delayed vaccination
- New outbreaks
- Appearance of new strains

Oil prices volatility

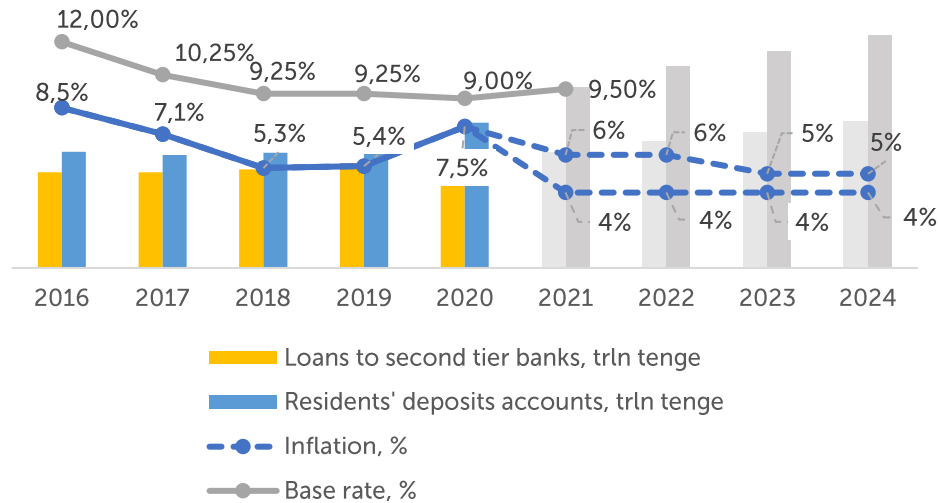
- Uncertainty regarding the pandemic
- High levels of raw materials stocks
- Prospects on extension of OPEC+ agreement

Deterioration of geopolitical situation

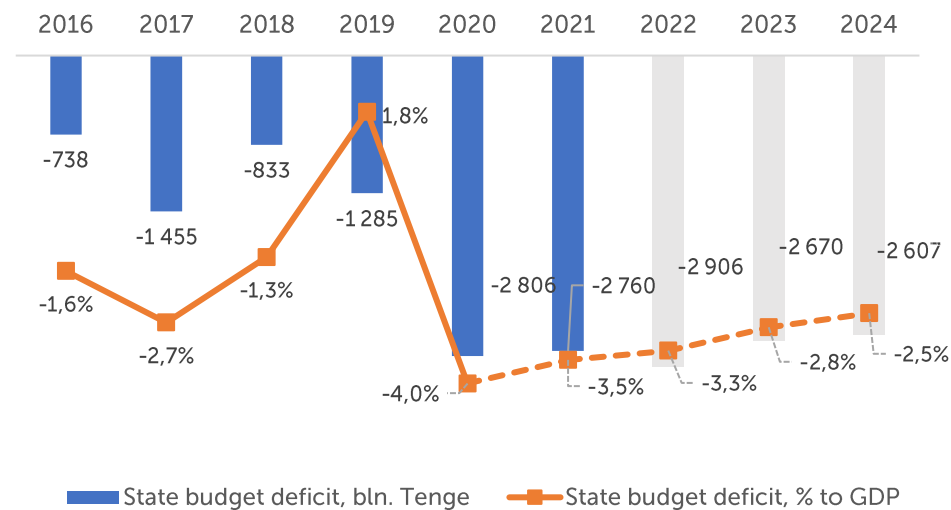
- Protectionist measures
- Taliban came to power in Afghanistan
- Implementation of new sanctions to certain countries

Money market indicators dynamics

(by the end of period)



State budget deficit dynamics



Current trends and forecasts

- National Bank targets gradual narrowing of inflation corridor from 4-6% in 2020-2022гг. to 3-4% from 2025. Risks of pressure on inflation – increase in tariffs on electricity, increase in prices of world commodity markets, acceleration of inflation in partner countries, recovery of domestic demand.
- Decrease of state budget deficit to 2,5% to GDP given the gradual decrease in the amount of guaranteed transfer from National Fund from 2,7 trillion tenge in 2021 году to 2,2 trillion tenge in 2023. Based on this, the decrease in fiscal stimulus is expected.
- National bank of Kazakhstan has approved the **Strategy for monetary policy until 2030**. Based on it, NBRK plans to gradually abandon the credit programs, aimed at enhancing market principles of financing by 2025. Commitment to floating exchange rate and open communication policy was expressed. Development of effective financial sector by increasing the effectiveness of banking sector's functioning efficiency and the development of securities market was established.

Development focus of the international exchanges

transforming into “technology providers”

covering new asset classes

generating and commercializing pre-trade data and analytics



Focus on regional expansion of core business through **PARTNERSHIP**



Building a core business with a focus on **IT**



Expansion into attractive OTC markets via **M&A** and work with **MARKET DATA**



Focus on core business growth, cost control, increase of **OPERATIONAL EFFICIENCY**



ESG focus (investments, products, analysis, scoring)

11M'2021 to 11M'2020

+40%

trading volume
from 105,7 to
147,8 tln KZT

+1,1%

trading volume in
secondary equity market
from 209,7 to
212,1 bn KZT

x2

trading volume in the
secondary corporate bond
market
from 390,1 to
757,7 bn KZT

x2,3

trading volume in the
mutual fund market
from 16 to
36 bn KZT

from the beginning of 2021

+38%

growth of the
KASE Index
from 2 675,6 to
3 684,1 points

+58%

equity market
capitalization
from 19,1 to
30,1 tln KZT

+81,8 th.

new accounts opened
by individuals
As of 01.12.21
213 979 accounts in CSD

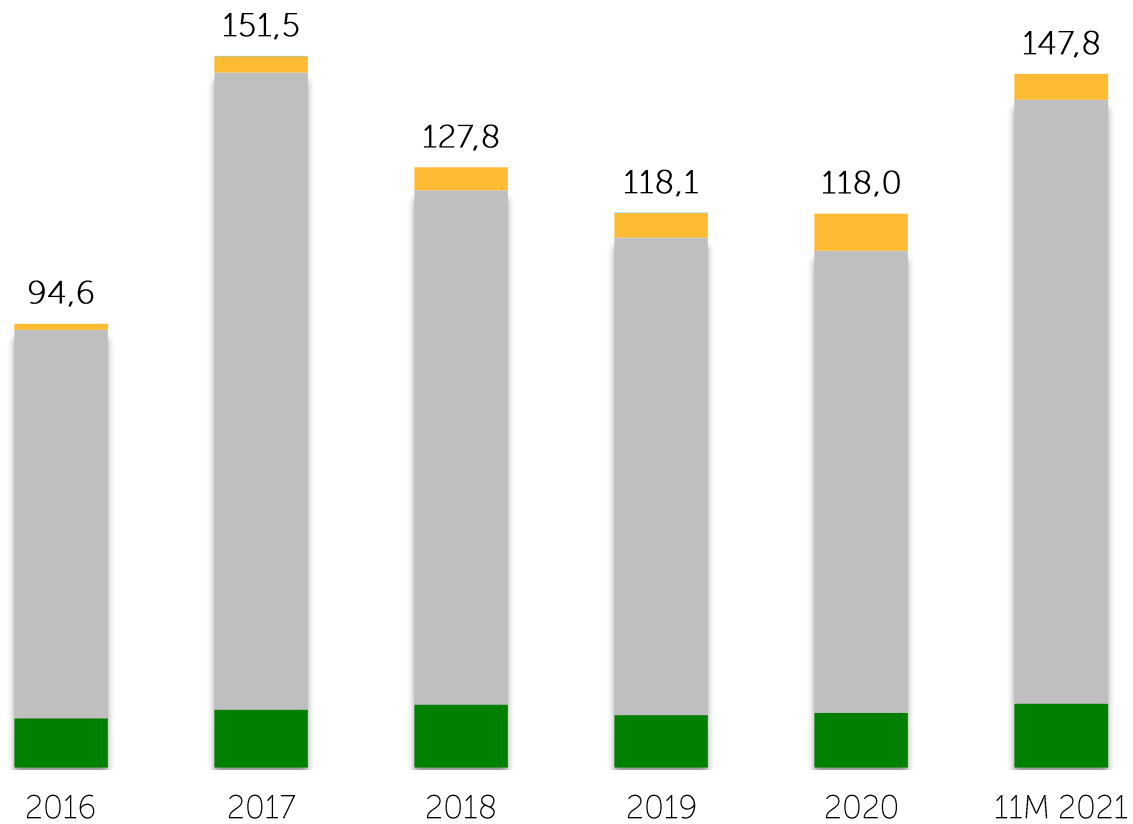
+135_{new}

non-government securities
on the official list
as of 01.12.21
544 names of NGS

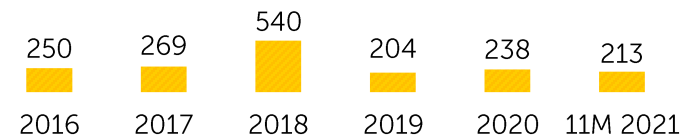
KASE Markets



Trading volume by sectors, KZT trillion



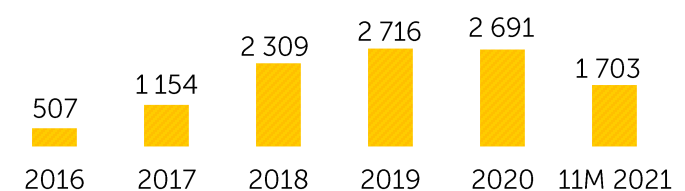
bn KZT



2020	+17,0%
2019	-62%
2018	x2
2017	+7,7%
2016	-72%

Corporate bonds market

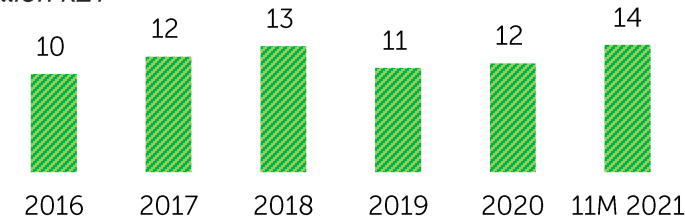
bn KZT



2020	-1%
2019	+18%
2018	x2
2017	+127%
2016	-59%

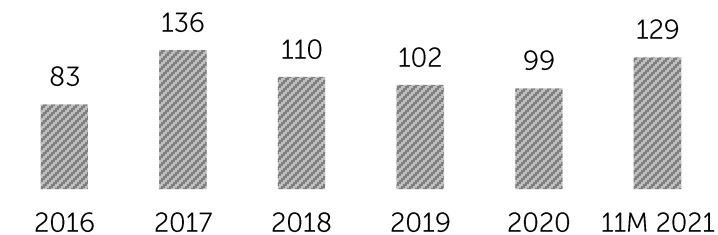
Currency market

trillion KZT



2020	+4%
2019	-17%
2018	+9%
2017	+18%
2016	-84%

trillion KZT



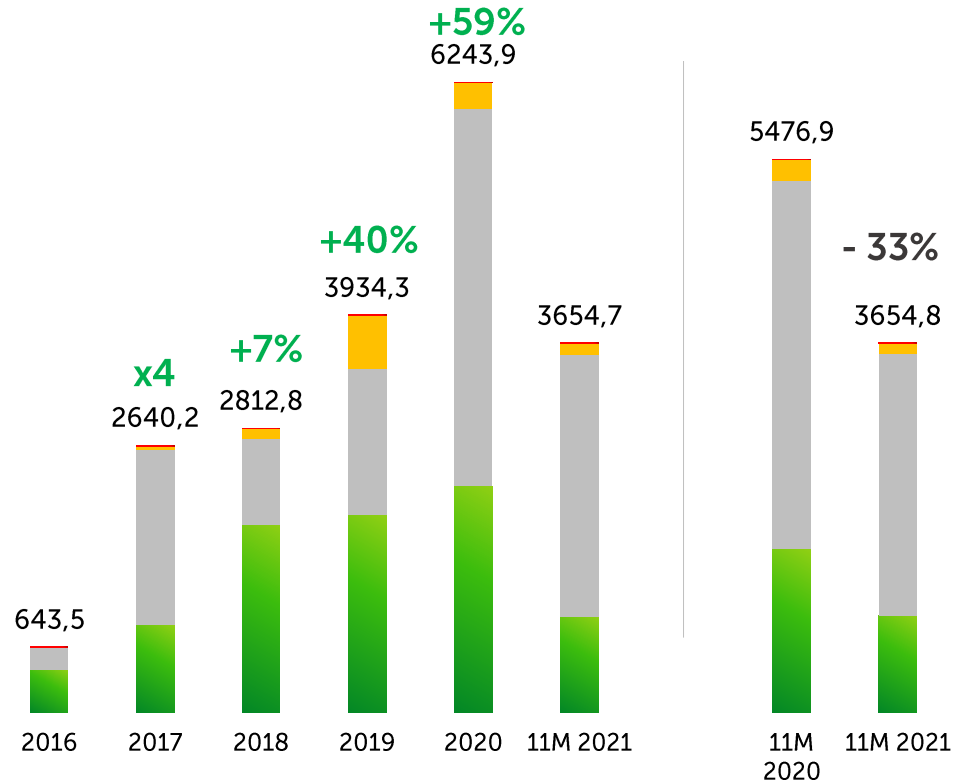
Money market

2020	-3%
2019	-7%
2018	-19%
2017	+64%
2016	+8%

Dynamics of the volume of raising capital

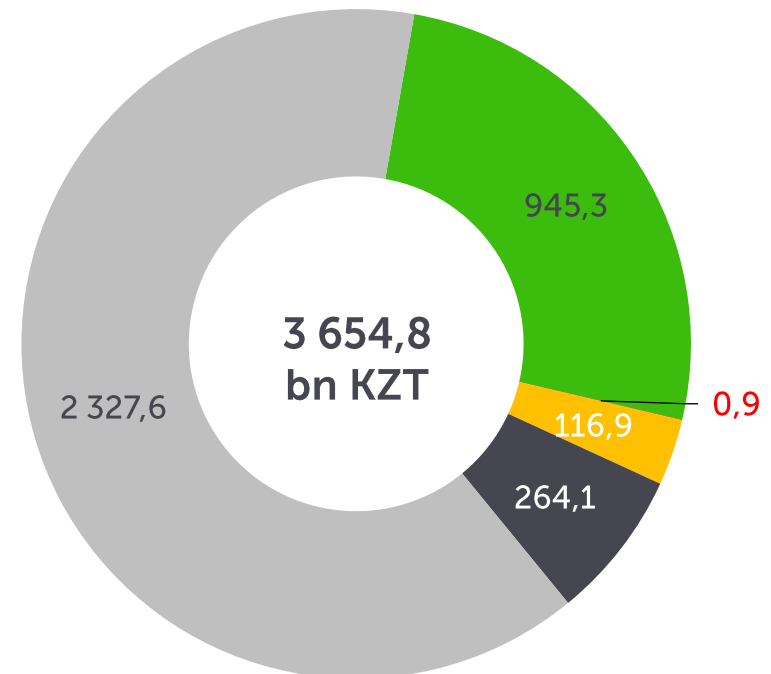
Volume of primary placements, KZT bn

■ Corporate bonds ■ Government bonds ■ IFO ■ Stocks



Primary market structure for 11M 2021, KZT bn

■ Corporate bonds ■ Stocks ■ IFO ■ Municipal bodies ■ Ministry of Finance



Source: KASE

Mission

Promoting economic growth in the Republic of Kazakhstan by :

- Providing a wide range of instruments for domestic issuers to raise funds
- Enabling a platform for the redistribution of liquidity in the financial system
- Offering a transparent investment environment to local and foreign investors

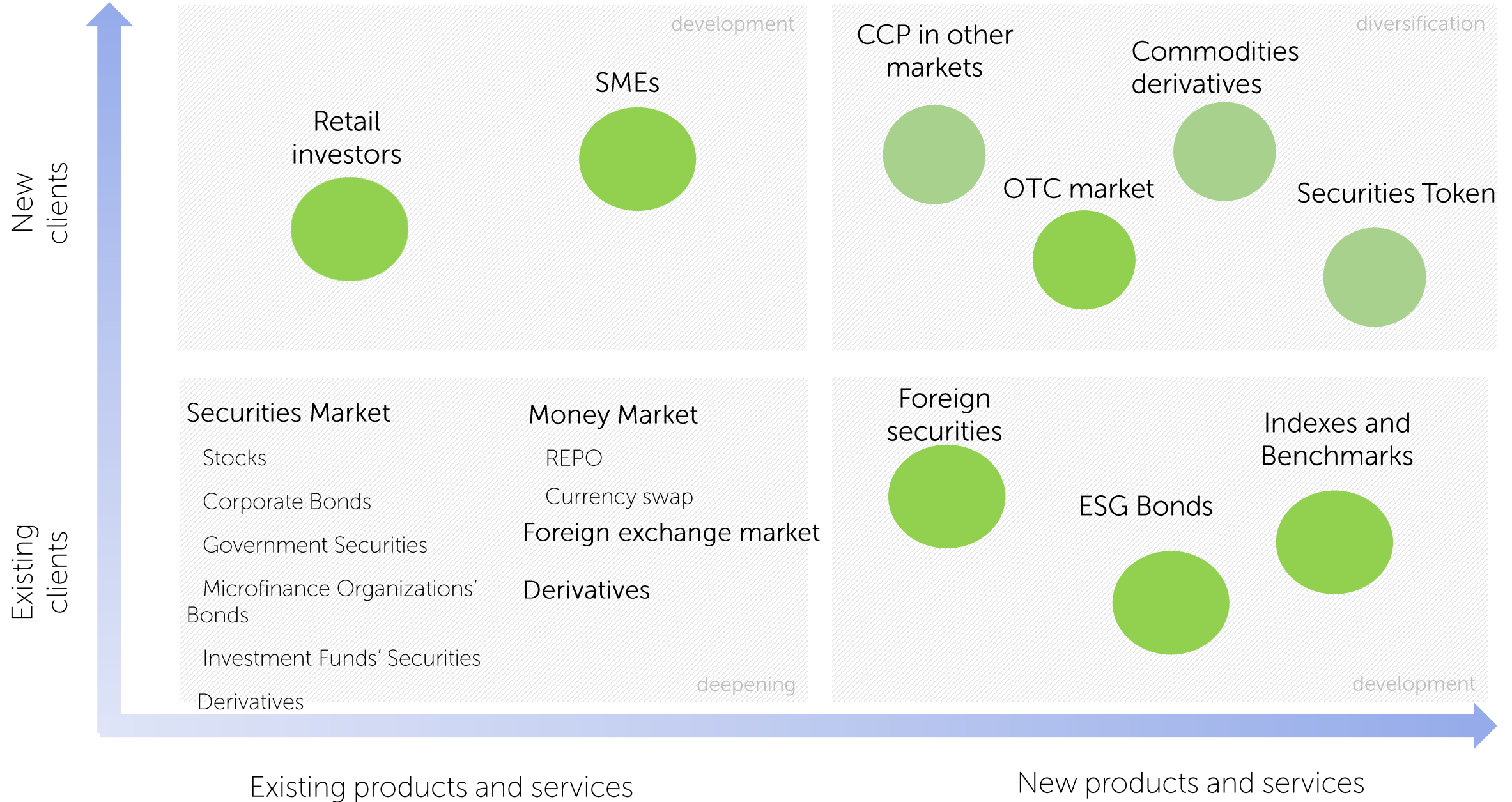
Vision

KASE - a client-oriented modern technological platform, which is fully opened to innovations and communications, capable of effectively meeting the needs of domestic issuers, local and foreign investors

Goal

Achieving and maintaining the KASE's position as a leading stock exchange throughout the region and raising the value of KASE for stakeholders

Development vector



Increasing **liquidity** on the KASE exchange markets

CCP as a key infrastructure element development

Innovation and **technology** modernization

Increasing KASE **investment value** for stakeholders



Increasing liquidity on the KASE exchange markets



Launch of new instruments

- ▲ ESG instruments
- ▲ Foreign securities and ETF
- ▲ Clearing Certificate of Participation
- ▲ ETF instruments of KASE



Trade and clearing links setting

- ▲ RUB/KZT currency pair at KASE for Russian Federation participants
- ▲ Access to securities that are traded on other exchanges
- ▲ Establishing links to currency pairs by regional and global currencies



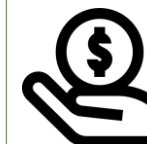
SMEs

- ▲ Creation of an incentive program for entering the stock market
- ▲ Conducting Training programs
- ▲ Creation of a system for Venture capital attracting
- ▲ KASE Startup development



Derivatives market

- ▲ Conducting training programs for brokers and their clients
- ▲ Attraction of market-makers
- ▲ Promotion of derivatives market and its products
- ▲ Expansion of the line of instruments (commodities futures and other underlying assets)



Investor base expanding

- ▲ Sponsored market making programs development
- ▲ Boosting short selling and securities lending
- ▲ Launch of new instruments: foreign currency repo, regional currency pairs, ESG instruments, Clearing Certificate of Participation
- ▲ Deepening integration with foreign settlement and clearing systems
- ▲ Improving the quality of information for foreign investors

Strategy 2022-2024: Development Directions

CCP as a key infrastructure element development



Clearing Certificate of Participation

- ▲ Launch of clearing certificates of participation



Separation of CCP

- ▲ Separation of the CCP into a separate subsidiary organization
- ▲ Improvement of activities in accordance with the IOSCO
- ▲ Establishing relations with international CCPs and depositories
- ▲ Bringing in compliance with ESMA / EMIR standards
- ▲ Obtaining a credit and/or operational rating



Innovation and technology modernization



Innovation and modernization

- ▲ Implementation of technologies detecting suspicious trading behavior by stock market participants with the help of a new supervisory module SCILA
- ▲ Pilot projects based on blockchain technology and other promising digital technologies
- ▲ Aligning of IT and CS with international standards of operations
- ▲ Implementation of a new back-office system using microservice architecture on a modern java platform
- ▲ Providing high resiliency of IT infrastructure



Market data

- ▲ Launch of new products
- ▲ Expanding of the list of services for subscribers
- ▲ Implementation of new version of IRIS Finance

Increasing investment value for stakeholders



Corporate governance and project approach

- ▲ Raising the level of corporate governance
- ▲ Implementation of new approaches to dividend policy
- ▲ Improving management reporting
- ▲ Application of new approaches to project evaluation taking into account their margins



Thank You for attention!

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FAQ

