



2017

KASE: Markets and Activities

FEAS, Muscat
March 1, 2018



1 KAZAKHSTAN AT A GLANCE

Kazakhstan: Facts and Figures

- Territory – **2.7 m sq. km:**
 - worldwide – **9th place**
 - amongst CIS countries – **2nd place**
- Population – **18.2 m**
- **Sovereign Credit Ratings/ Investment Grade:**
 - Standard & Poor's – BBB-/stable (18.01.18)
 - Fitch – BBB/stable (20.10.17)
 - Moody's – Baa3/stable (26.07.17)
- Rich of **natural resources**, mainly comprised of mineral resources, oil and gas
- According to the World Bank's classification by income level in 2017 Kazakhstan is among **upper-middle-income countries** (gross national income per capita \$3,956 - \$12,235)
- Member of **OSCE, WTO** and other international organisations

Indicator	2013	2014	2015	2016	2017
GDP, USD bn	236.63	221.42	184.39	137.28	158.18*
Changes in GDP, %	+6.0	+4.2	+1.2	+1.1	+4.0*
Inflation, % (YoY)	4.8	7.4	13.6	8.5	7.1
Unemployment, %	5.2	5.0	5.1	5.0	4.9*
Budget balance, % to GDP	-1.9	-2.7	-2.2	-1.6	-4.1*
Average USD/KZT rate	152.13	179.19	221.73	342.16	326.00
Money supply (M3), USD bn**	75.26	70.20	50.33	59.40	58.54
National Fund Assets, USD bn	70.79	73.19	63.39	61.22	58.32

*operational data



Source: The World Bank

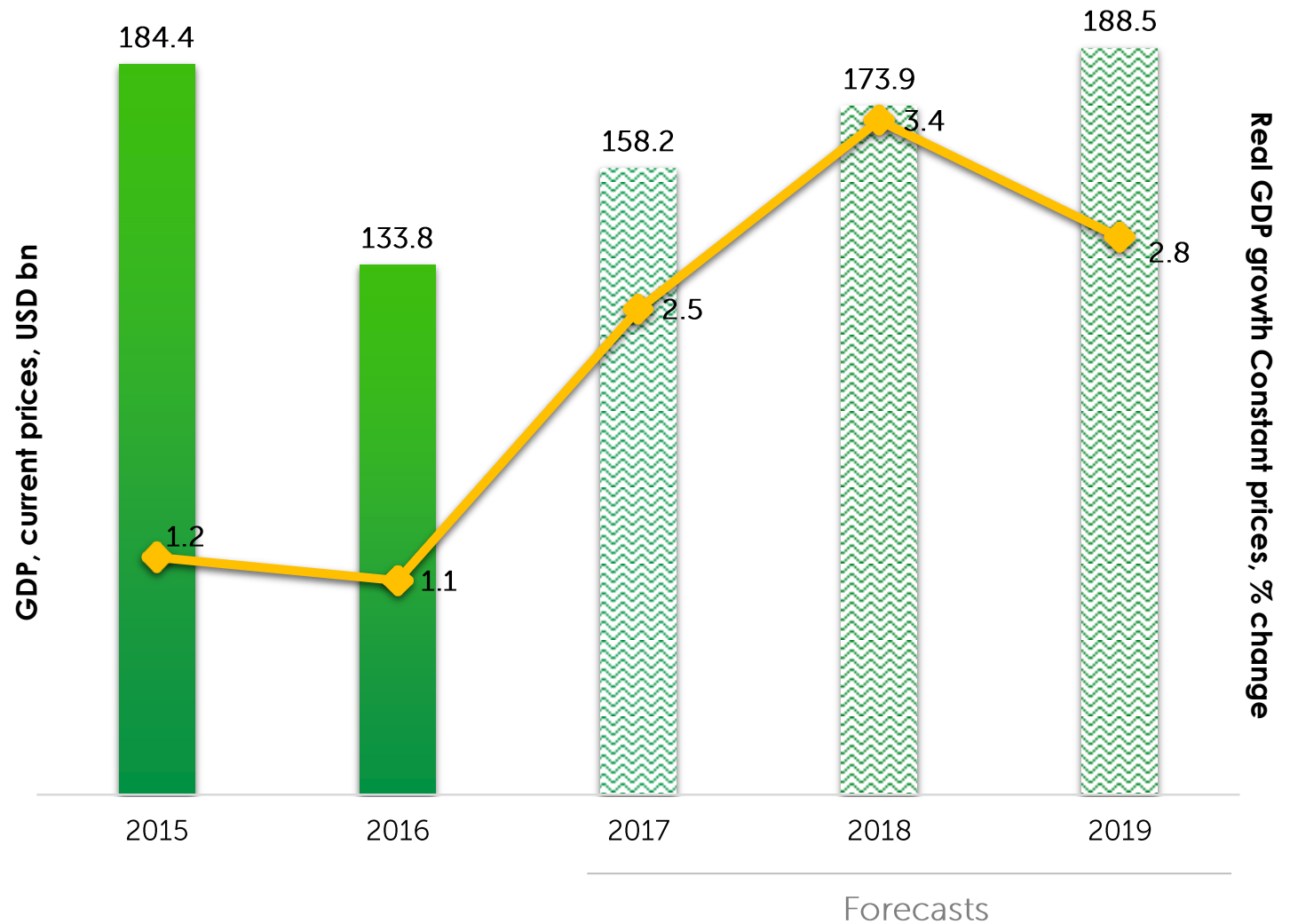
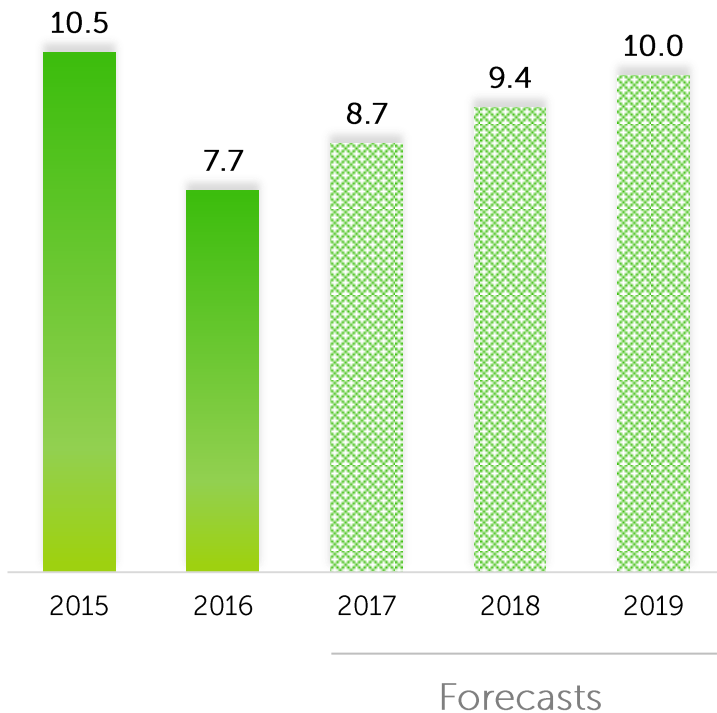
National Company "KAZAKH INVEST" JSC

Committee on Statistics of Ministry of National Economy of RK, National Bank of RK, KASE

Kazakhstan: real GDP growth

Real GDP growth in Kazakhstan is expected to strengthen to **2.5-3.0 percent** this year, reflecting higher oil production and the effect of substantial fiscal stimulus spending.

GDP per capita, current prices
USD th



Natural Resources

Kazakhstan's soil contains **99 elements** of the periodic table:

- **70** types of resources have been **explored**
- **60** elements are currently being **produced**



Ample Natural Resources.
Kazakhstan in World Ranking for Exploration

Item	Ranking	Item	Ranking
Chrome	1	Gold	10
Uranium	2	Lead	11
Silver	5	Oil	12
Zinc	7	Iron	12
Coal	8	Copper	13

Social and Economic Stability

Harmonious Society

Ethnic Harmony and
Multi-Vector Foreign Policy

Social Stability

Development of human
capital and equal access
to all social services

Availability of Natural Resources

Large reserves of natural resources

SUSTAINABILITY

Economic Stability

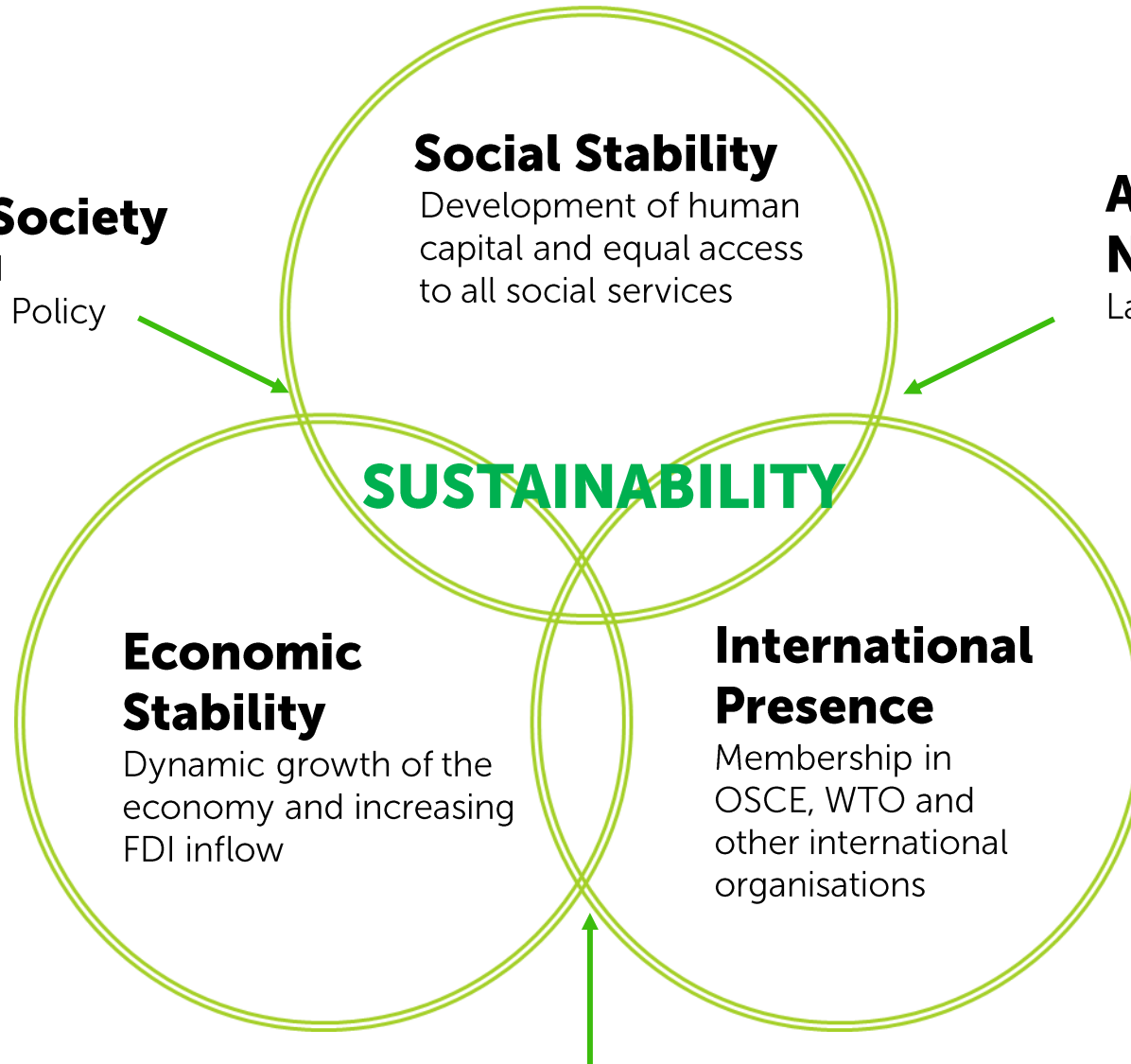
Dynamic growth of the
economy and increasing
FDI inflow

International Presence

Membership in
OSCE, WTO and
other international
organisations

Government Stability

Good governance and the rule of law

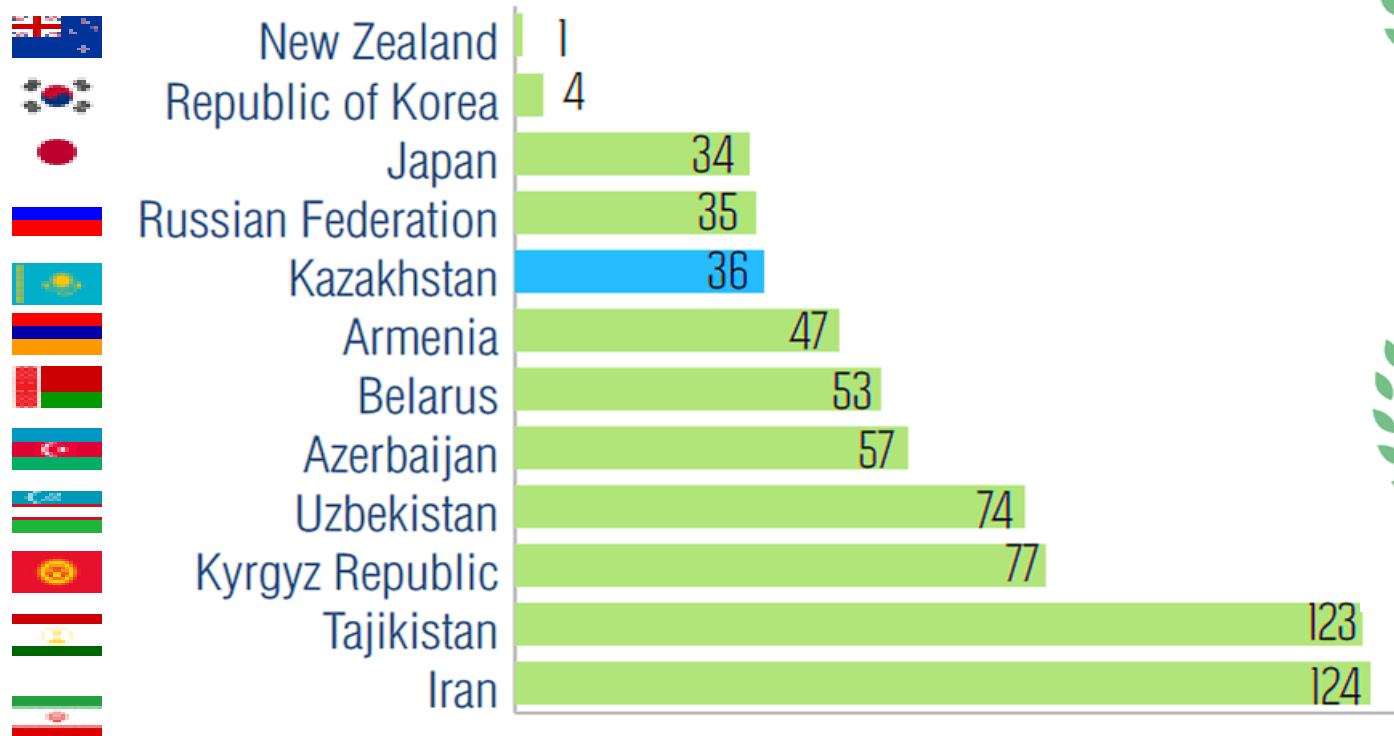


Business Climate (1/2)

DOING BUSINESS 2017 RANKING

Kazakhstan pays special attention to **creating a favorable business climate for investors and improving business environment.**

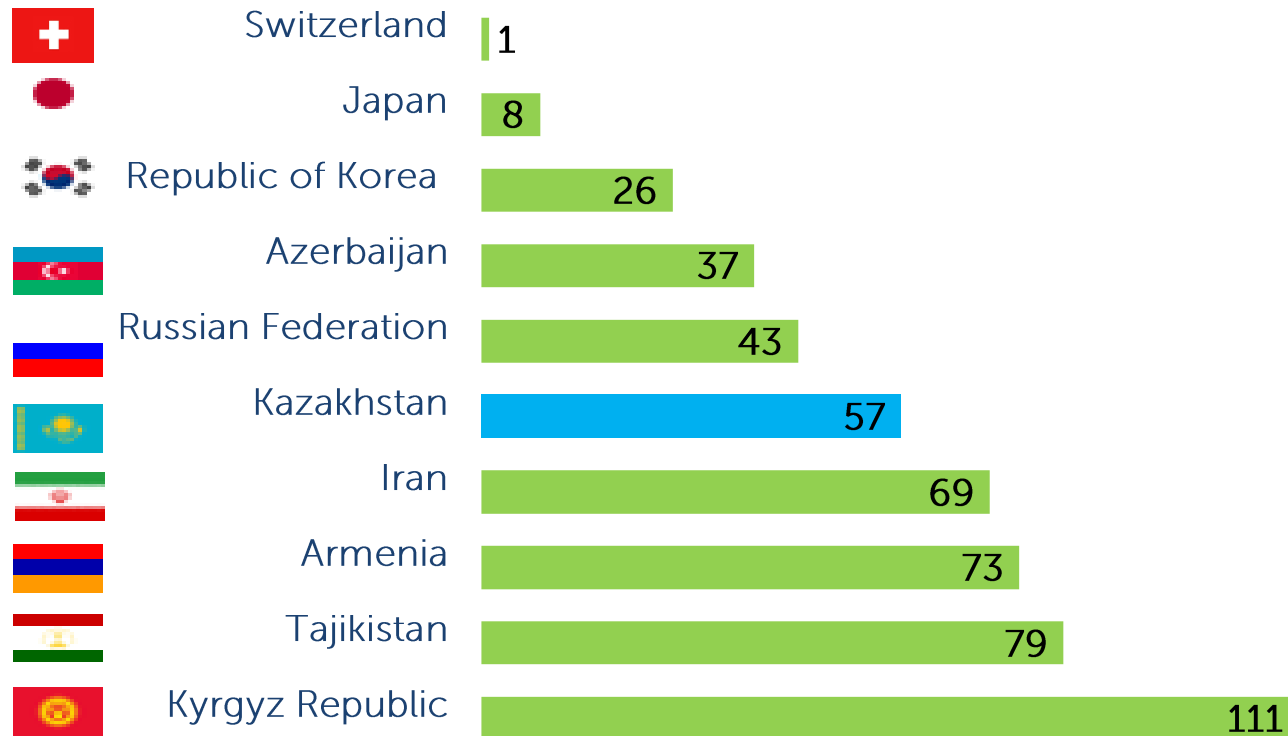
Kazakhstan ranks **1st in Central Asia** in investment climate.



Business Climate (2/2)

GLOBAL COMPETITIVENESS INDEX 2017

Kazakhstan ranks **57th out of 137** countries



Taxation

Kazakhstan operates one of the **most competitive tax regimes** in the region.

Taxes	Kazakhstan	Russia	China
Corporate Income Tax (CIT)	20%	20%	25%
Value Added Tax (VAT)	12%	18%	17%
The Land Tax	\$0.03-\$0.16/1 m ²	0.3%, 1.5%	–
The property tax	1.5%	2.2%	1.2%*, 12%**

* appraised value, **rental property

Source: The Ministry of Finance of the RoK, Federal Tax Service of Russia, State Administration of Taxation of the People's Republic of China



2018 Index of Economic Freedom

Kazakhstan ranks 41st out of 186 economies



Gender Inequality Index 2017

Kazakhstan ranks 52nd out of 144 economies



2 KASE OVERVIEW

Securities Market Infrastructure

Regulatory Body – National Bank of Kazakhstan



Kazakhstan Stock Exchange
50.1% - NBK; 49.9% - other



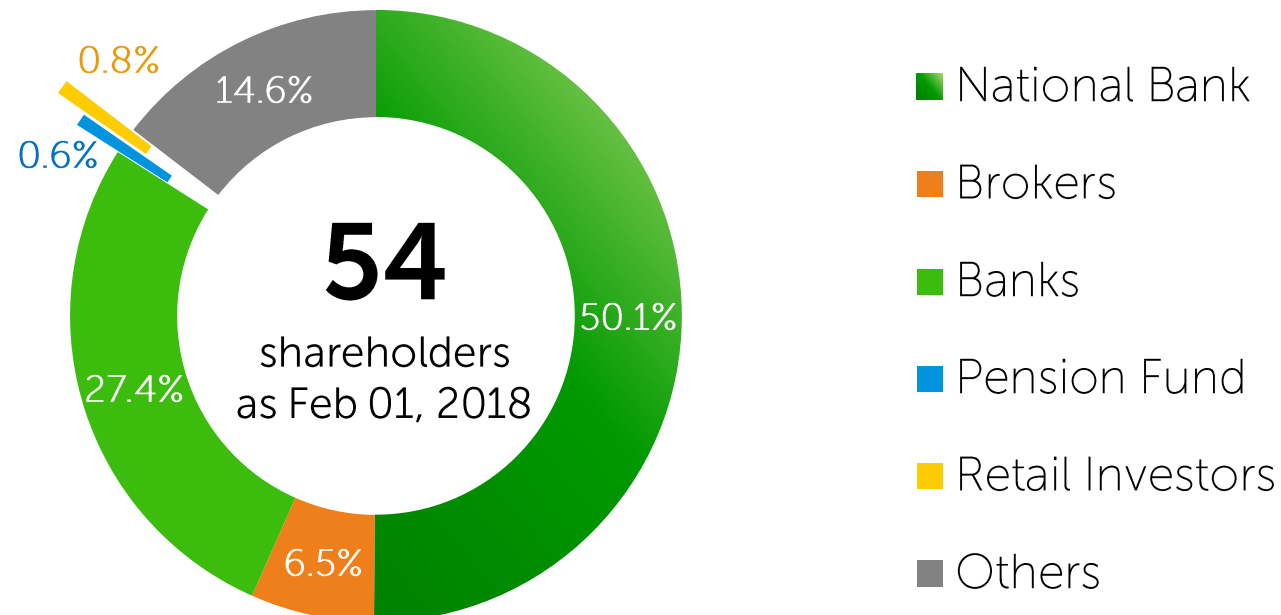
Central Depository
65% - NBK; 35% - KASE



БАҒАЛЫ ҚАҒАЗДАРДЫҢ БІРЫҢҒАЙ ТІРКЕУШІСІ
ЕДИНЬИЙ РЕГИСТРАТОР ЦЕННЫХ БУМАГ
THE INTEGRATED SECURITIES REGISTRAR

Integrated Securities Registrar
100% - NBK

KASE Shareholders



KASE – Universal Exchange

5
currency pairs



>150
issuers



>125
shares in
trade list



>255
corporate bonds in
the trade list



4th place
on domestic market capitalisation
among stock exchanges of FEAS
(as end of 2017)*



2nd place
among CIS exchanges by traded volume
(2016)



56
members of the
exchange



>109 000
accounts of retail
investors



25
years on the
capital market



Frontier
MSCI FTSE



* domestic market capitalisation (companies admitted to listing only) includes value of total number of issued shares of domestic companies. Only 19 out of 37 members provided data on this indicator for 2017 year according to FEAS Statistics

Membership in International Organisations and International Partnership



Member of the World Federation of Exchanges (WFE)



Member of Federation of Euro-Asian Stock Exchanges (FEAS)



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



Member of International Association of Exchanges of the Commonwealth of Independent States (IAE CIS)



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



UN initiative "Sustainable Stock Exchanges"



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



Partnership with Exchange Data International Ltd., Interactive Data Corporation, Cbonds (dissemination of information products)



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

2017 | year of new achievements

+60%

traded volume

+56%

number of trades

+15

new listing companies

+20%

equities market capitalisation

+59%

KASE Index growth

+8%

publicly traded corporate debt

KASE Markets (1/2)

Market indicators for 2017

Market sector	Volume, KZT bn	Volume, USD mln	Average daily number of deals	Average daily volume of deals, USD mln	Average volume of one deal, USD mln
Securities Market	3,450.4	10,575.7	465	43.2	0.1
Equities	269.4	828.9	454	3.4	<0.1
Corporate bonds	1,153.8	3,482.5	7	14.2	2.0
State securities	1,985.8	6,137.2	3	25.0	8.5
International Financial Organisations bonds	40.2	124.0	0*	0.5	5.4
Investment funds securities	1.1	3.2	0*	<0.1	<0.1
Foreign currency (spot)	12,321.5	37,726.3	349	154.0	0.4
Money market	135,726.4	419,318.3	419	1,711.5	4.1
Repo transactions	73,790.2	226,545.8	371	924.7	2.5
Foreign currency swap	61,936.2	192,772.5	48	786.8	16.5
Derivatives	22.1	66.2	0*	0.3	4.7
TOTAL	151,520.3	467,686.5	1,233	1,908.9	1.5

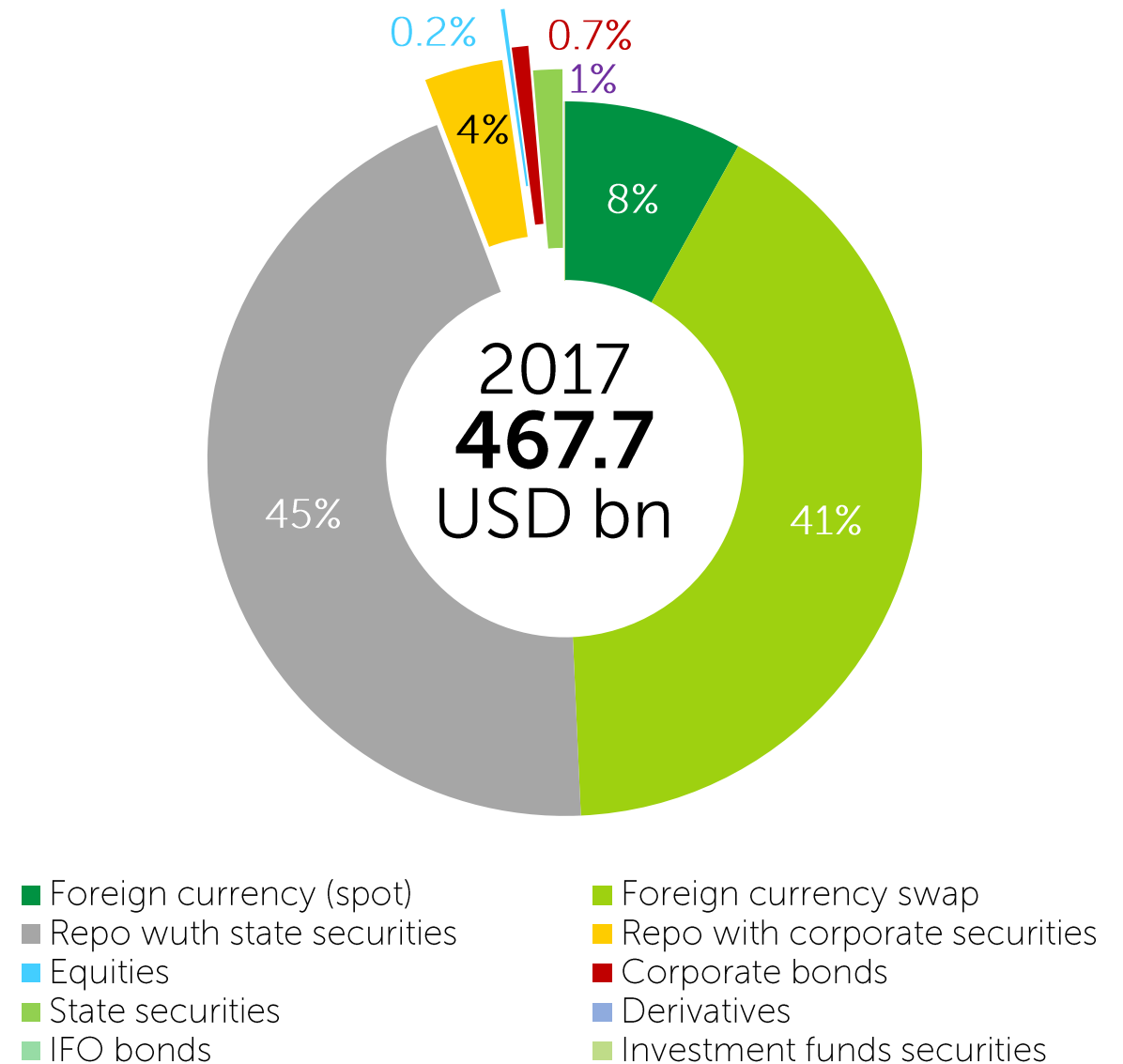
* average daily number of deals was less than one

KASE Markets (2/2)

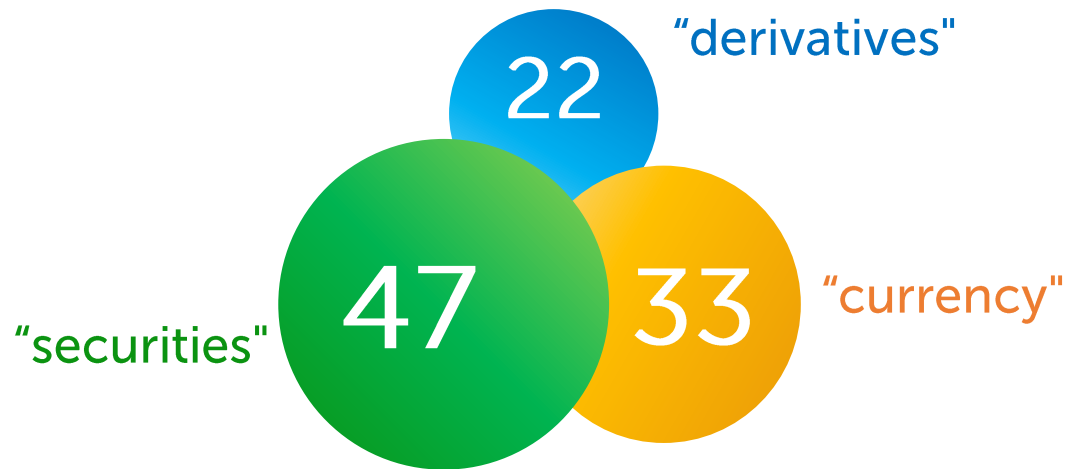
KASE Market Volume vs Kazakhstan's GDP



KASE Market Structure



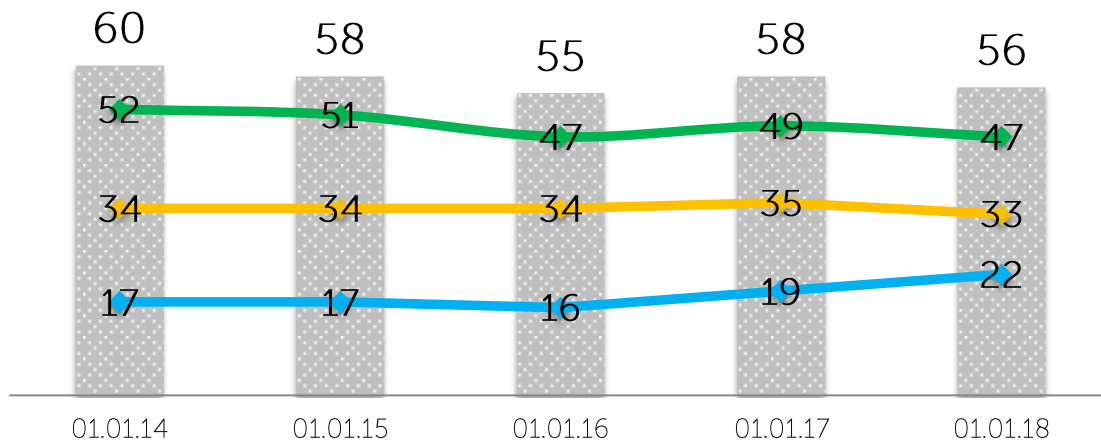
KASE Members



Total number – 56

- 54** local members
- 2** remote members
- 14** members providing DMA

Number of KASE members for the last 5 years



New members:

2017

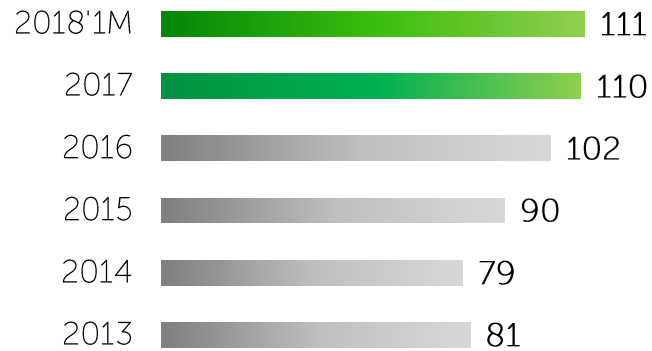
- "UNIVER Investment Group" / securities and derivatives
- JSC "ATFBank" / derivatives
- JSC "Eurasian Capital" / derivatives

2016

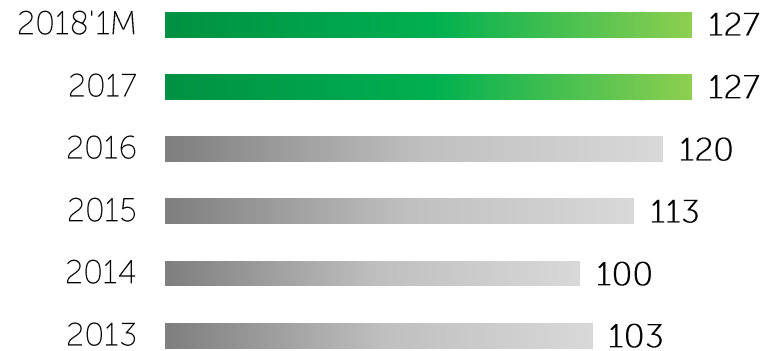
- JSC "NGDEM Finance" / securities
- Eurasian Development Bank/ securities and derivatives
- Interstate Bank/ currency
- JSC "Islamic Bank "Al Hilal" / currency
- JSC "AsiaCredit Bank" / derivatives

Equities Market

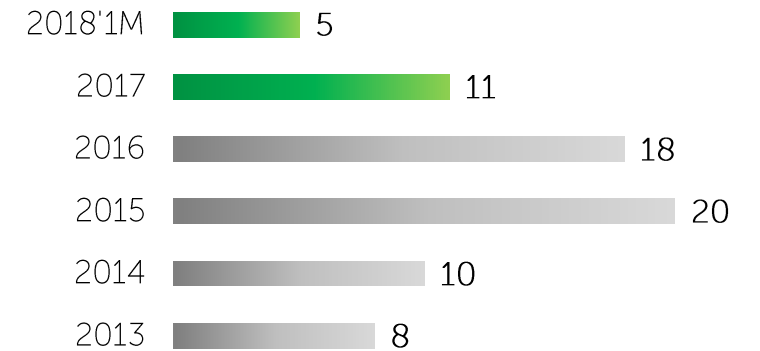
Issuers



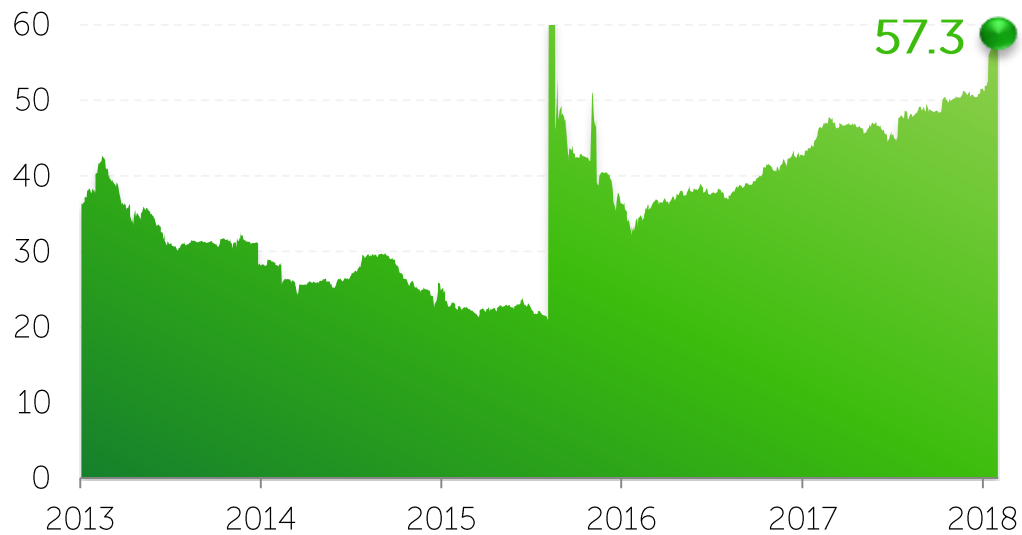
Instruments



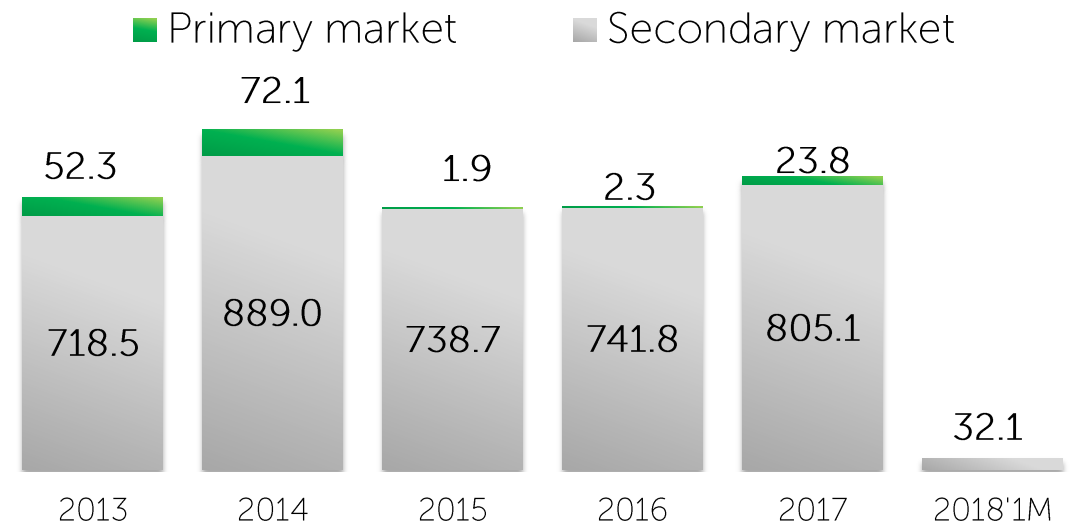
New listings



Equities Market Capitalisation, USD bn

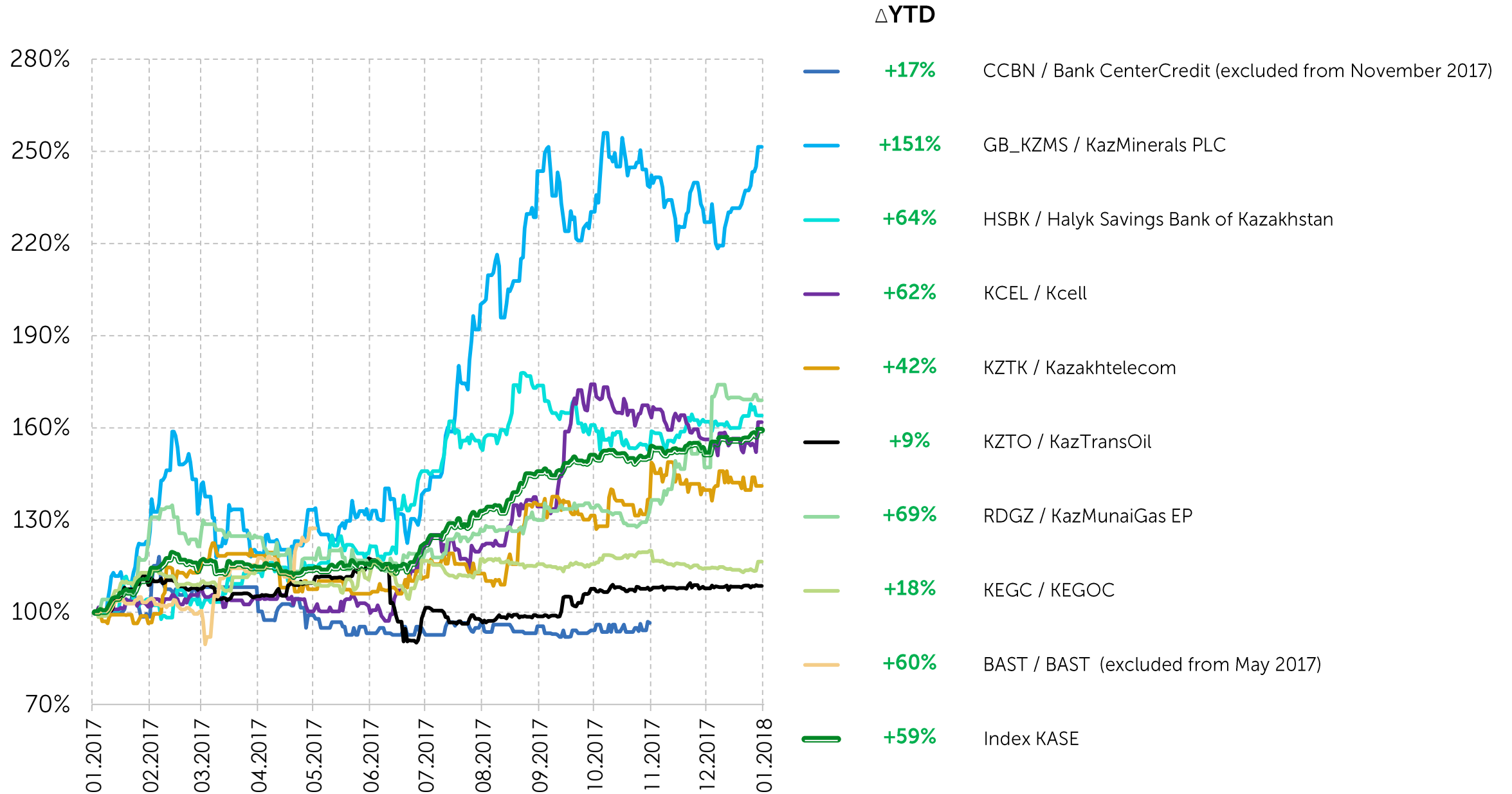


Traded Volume, USD mln*

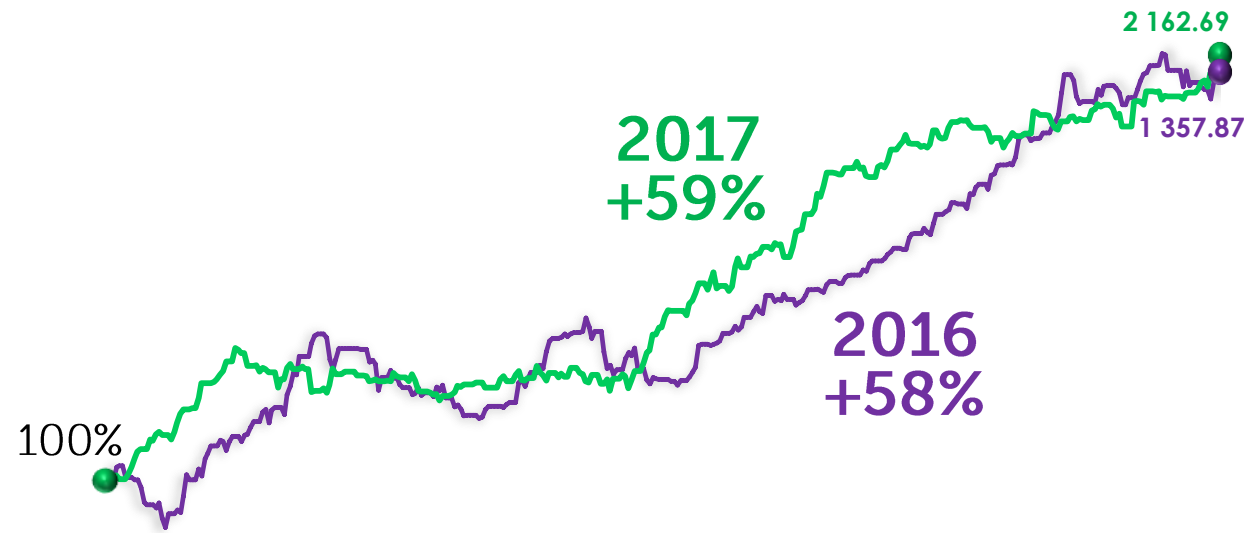


* excluding non-market deals

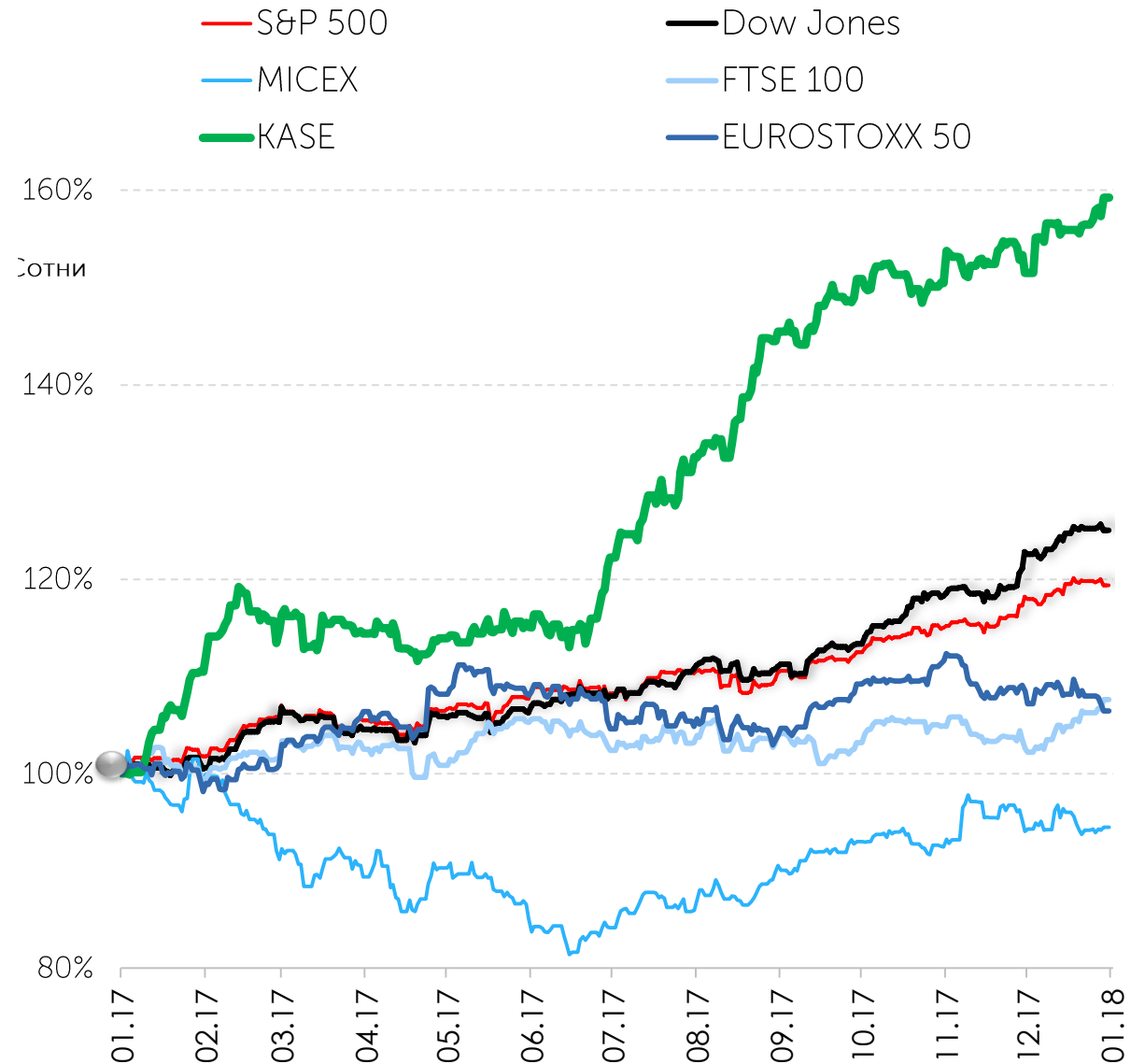
Components of KASE Index



KASE Index in 2016-2017



KASE and World Stock Indices Dynamics in 2017



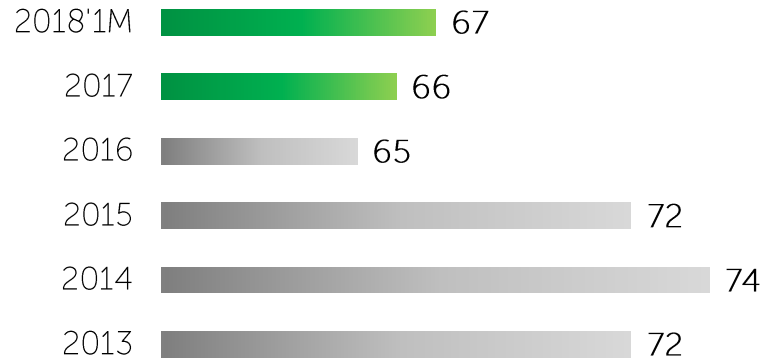
Top-3 Indexes by the growth in the world for 2017



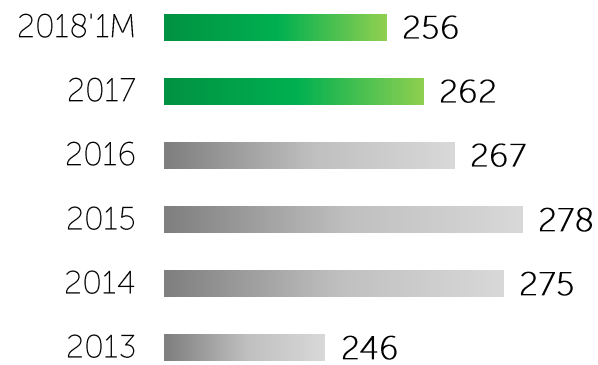
Argentina Merval Index	65%
Mongolia MSETOP Index	63%
KASE Index	50%

Corporate Bonds Market

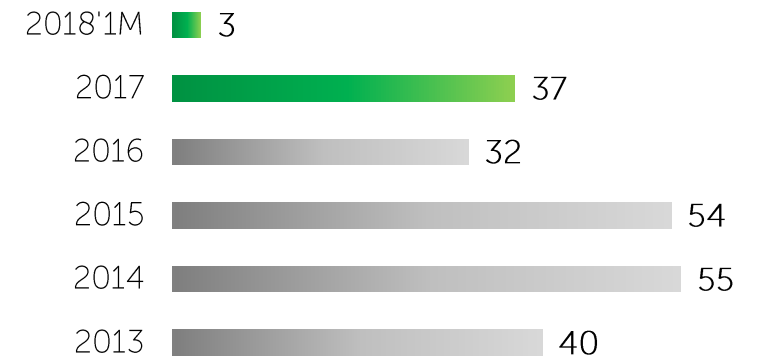
Issuers



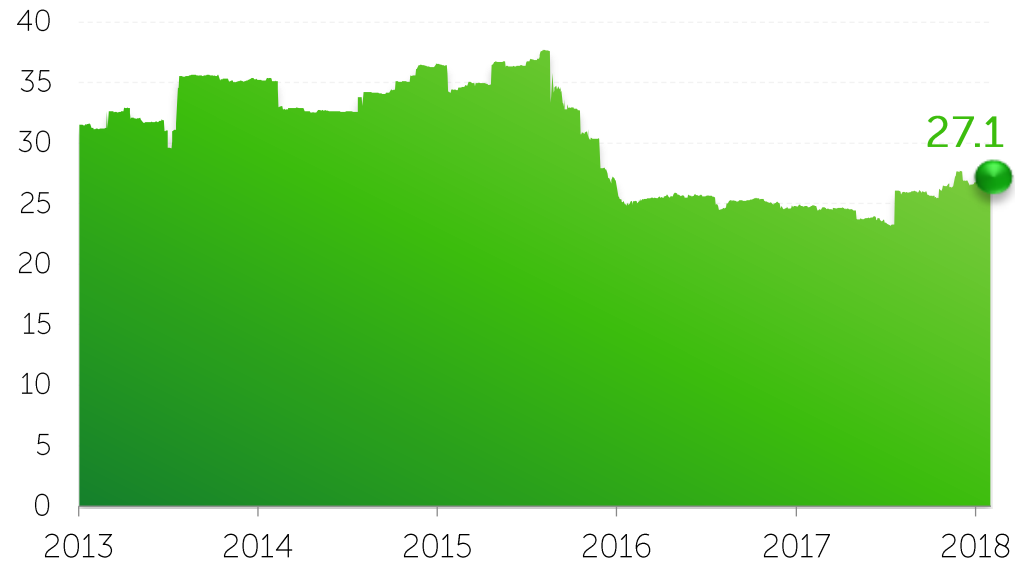
Instruments



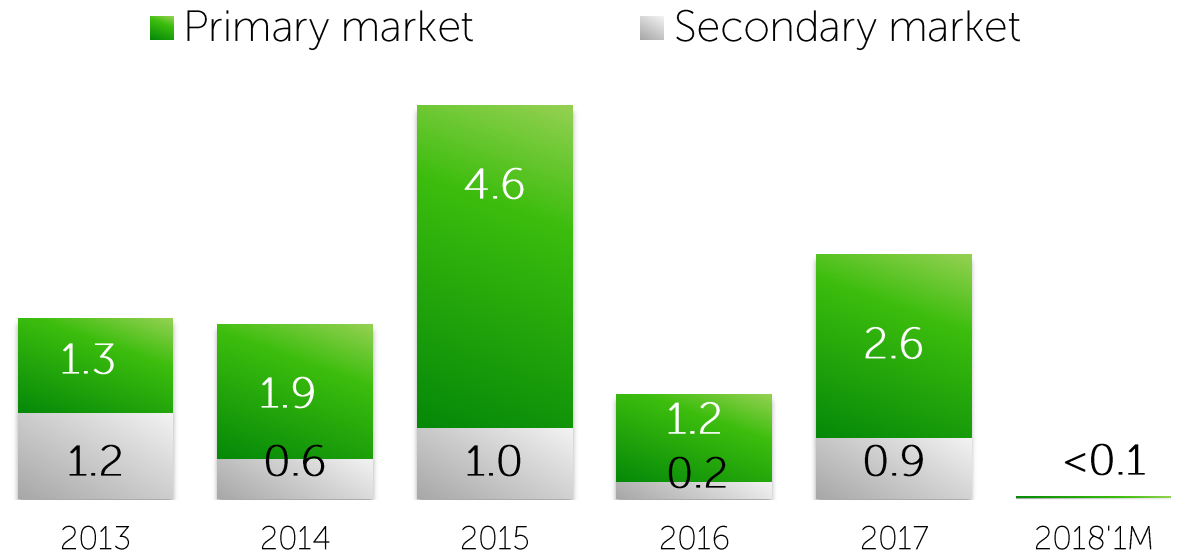
New listings



Outstanding Corporate Debt, USD bn



Traded Volume, USD bn

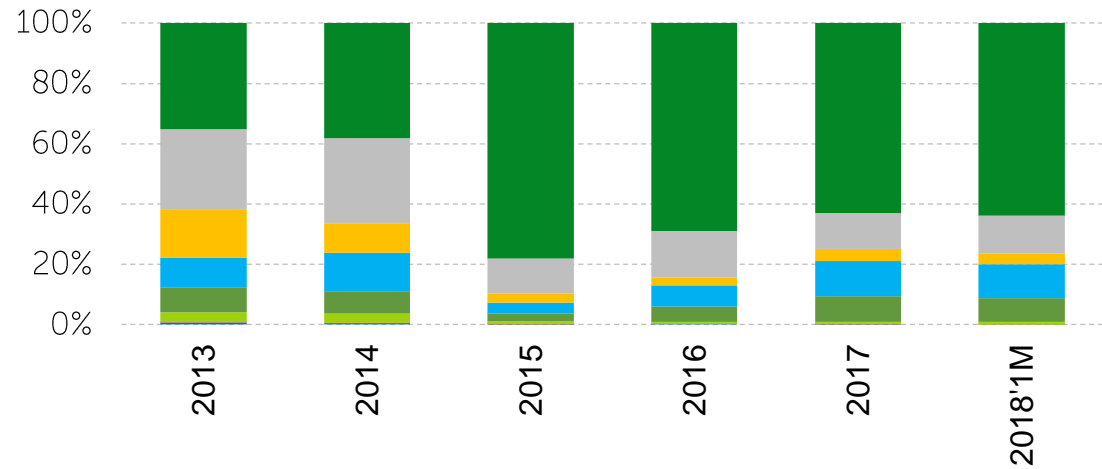


Industry Structure

Equities

Share in capitalisation, %

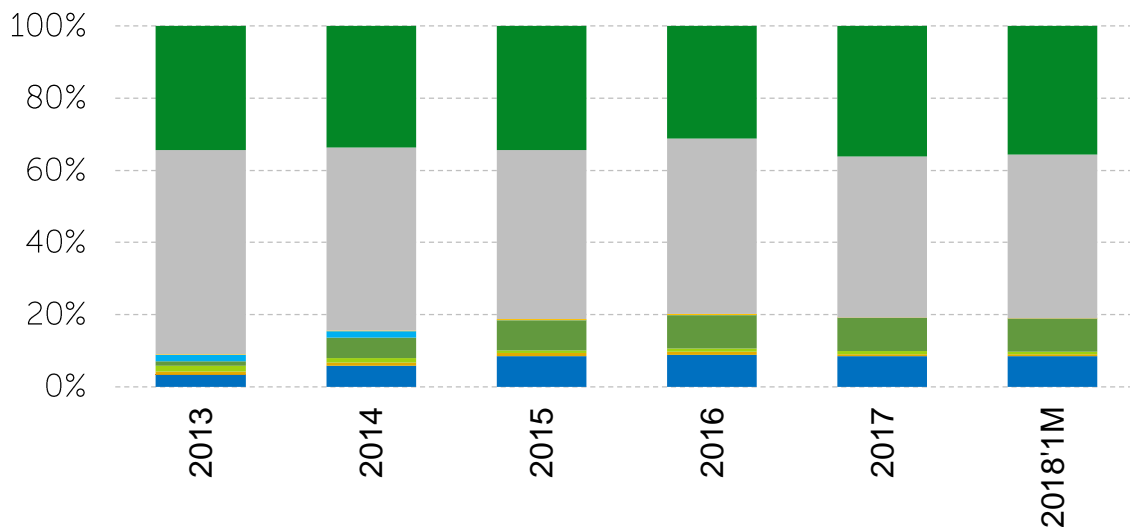
Equities Corporate bonds



- Energy
- Finance
- Provision of telecommunications services
- Materials
- Industrials
- Consumer staples
- Provision of municipal services
- Information technology
- Health care
- Consumer discretionary

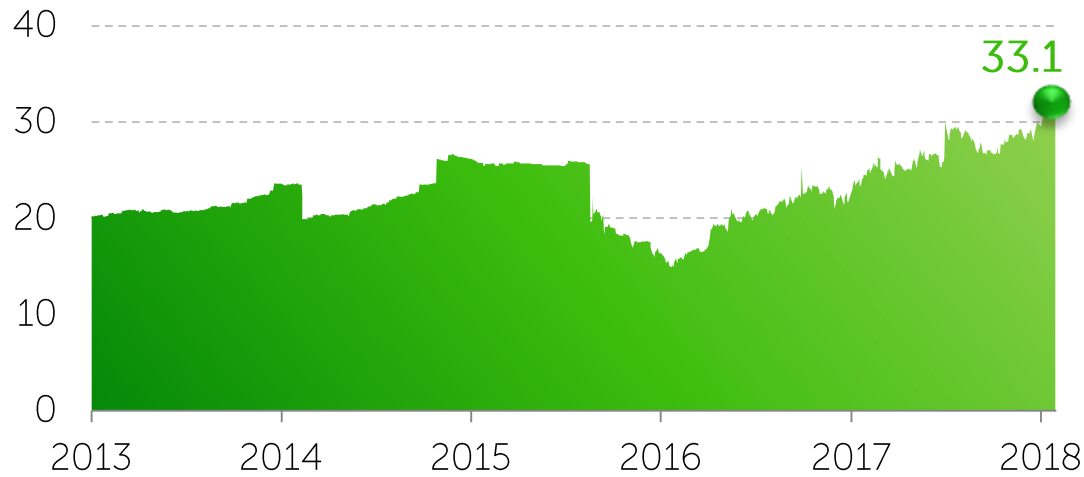
Energy	63.8	35.7
Finance	12.4	45.3
Provision of telecommunications services	3.8	0.1
Materials	11.1	0
Industrials	8.1	9.2
Consumer staples	0.7	0.9
Provision of municipal services	<0.1	0.4
Information technology	0	0
Health care	0	0
Consumer discretionary	0.1	8.4

Corporate bonds

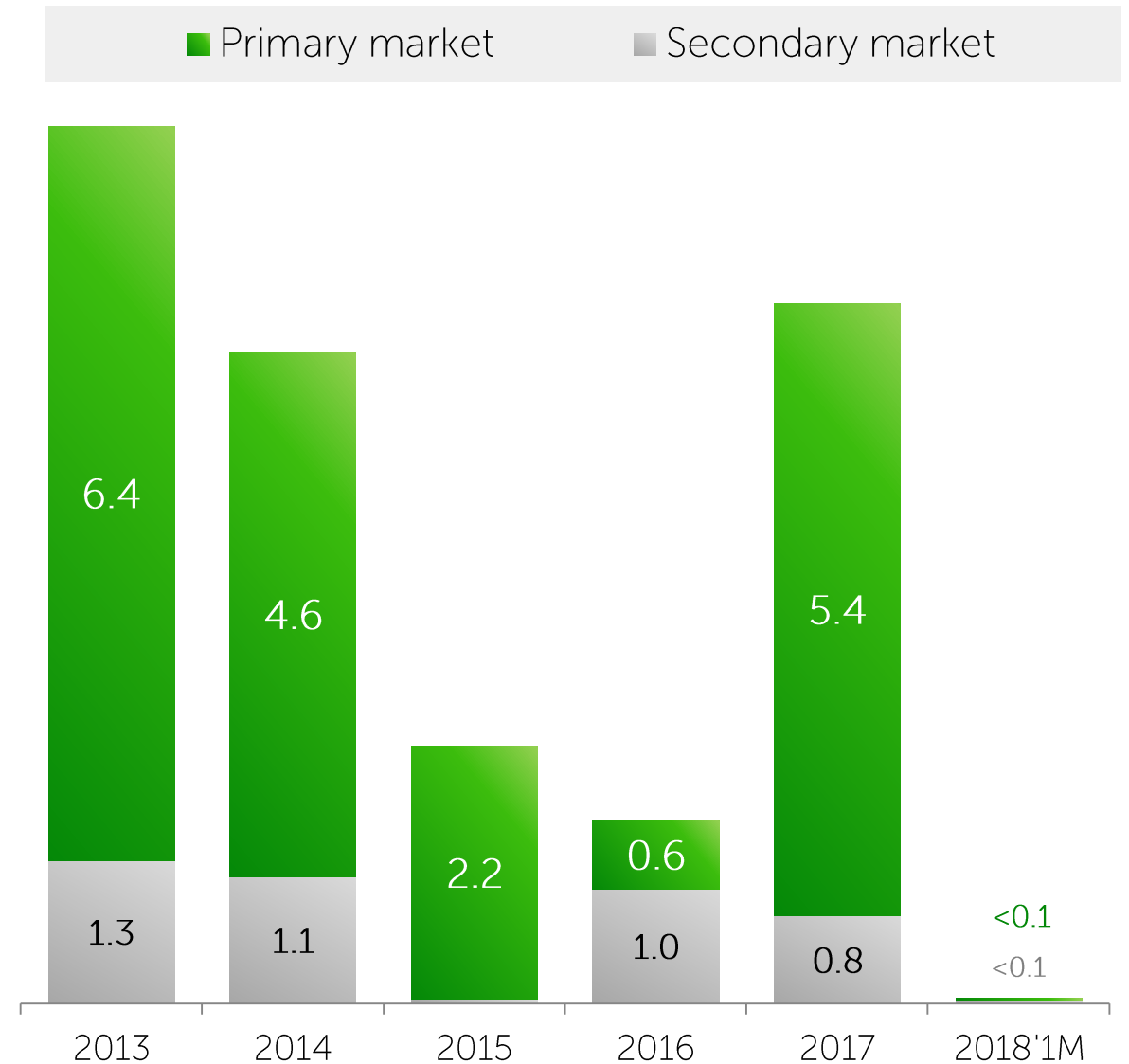


State Securities Market

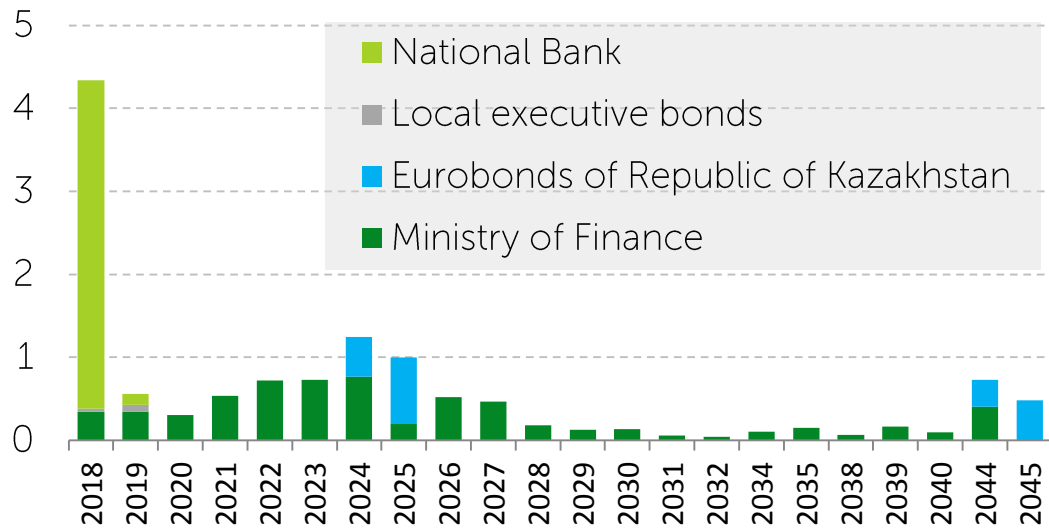
Volume of Public Sector Debt, USD bn



Traded Volume, USD bn

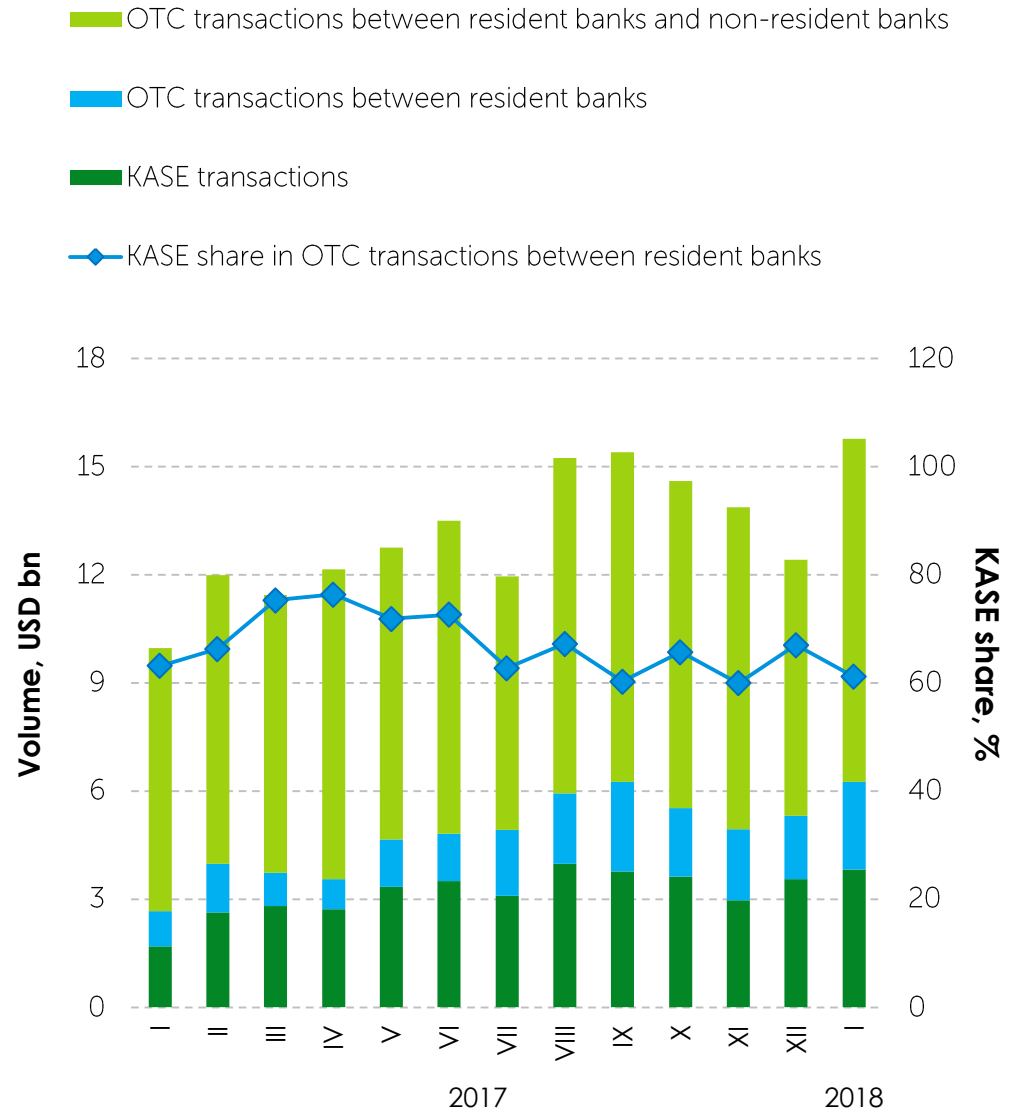


Public Debt Redemption, KZT trln

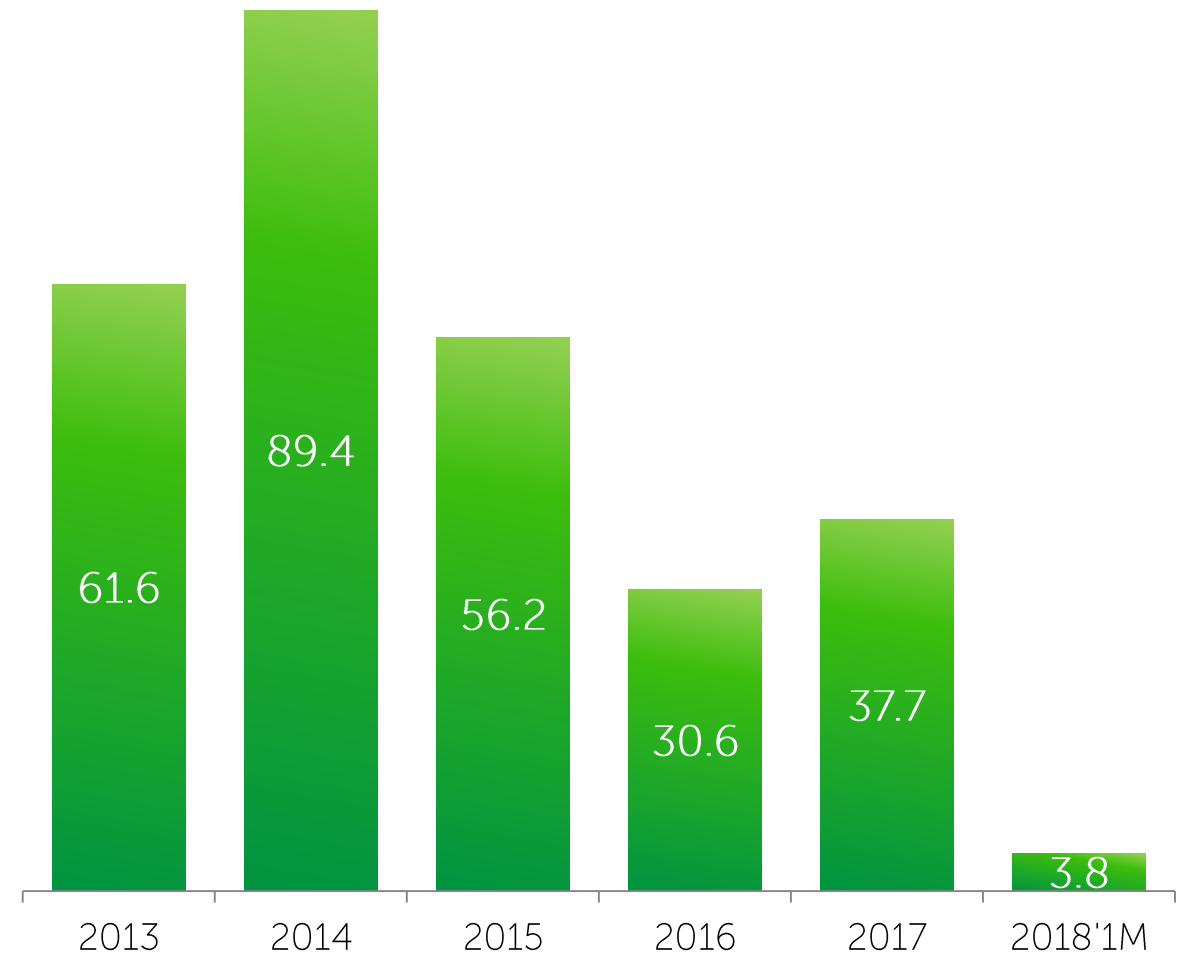


Foreign Exchange Market

Structure of the Market Turnover and KASE Share

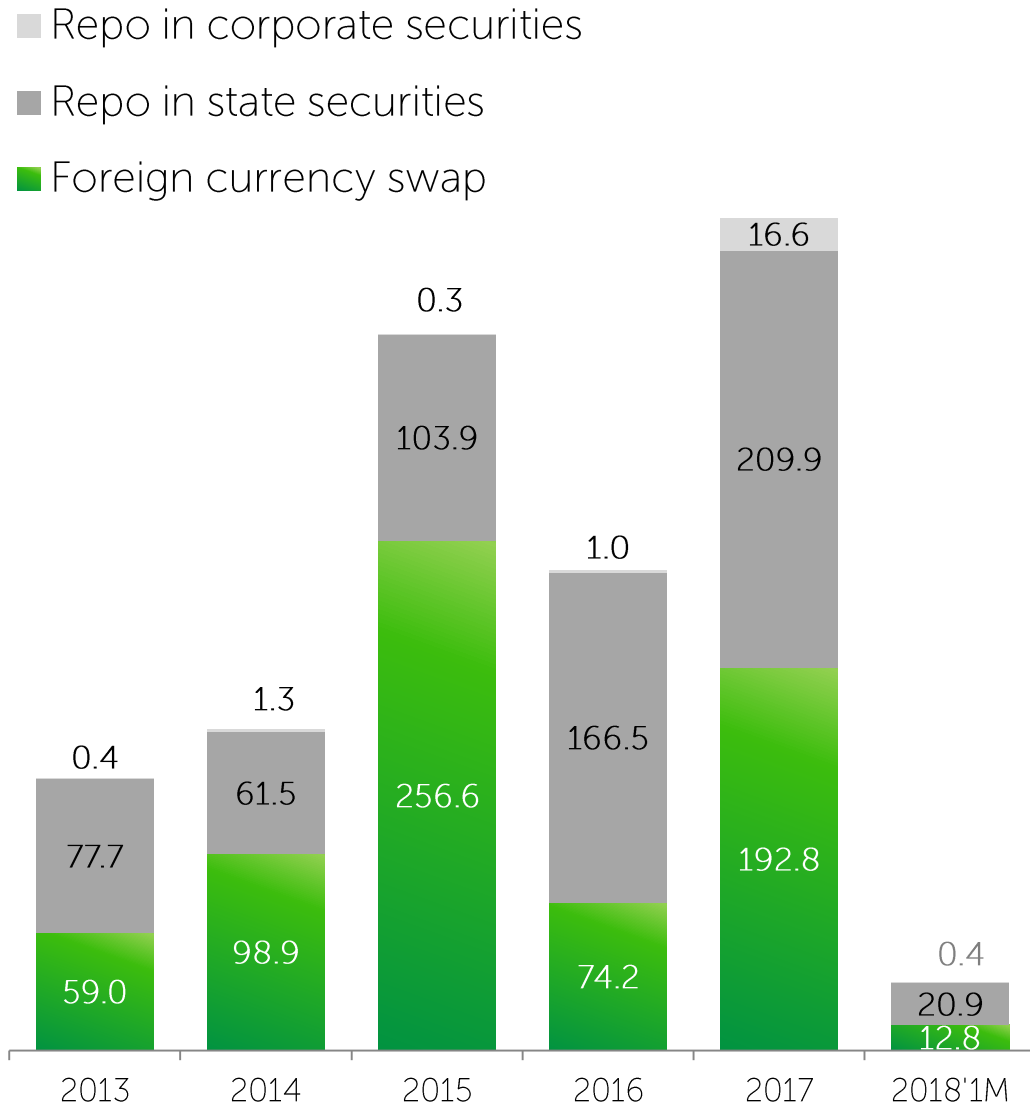


Traded Volume on the Spot Market, USD bn

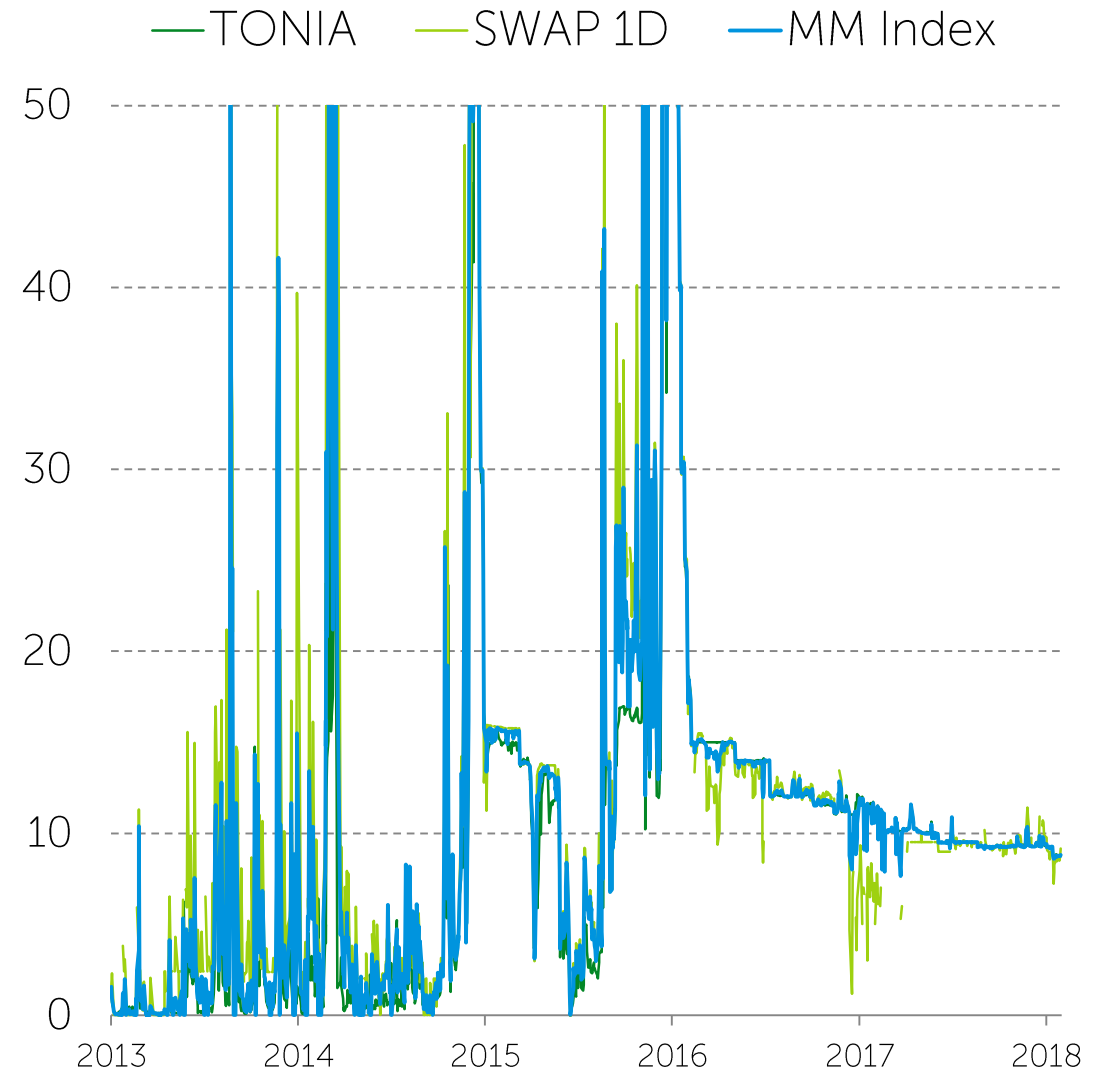


Money Market

Traded Volume, USD bn

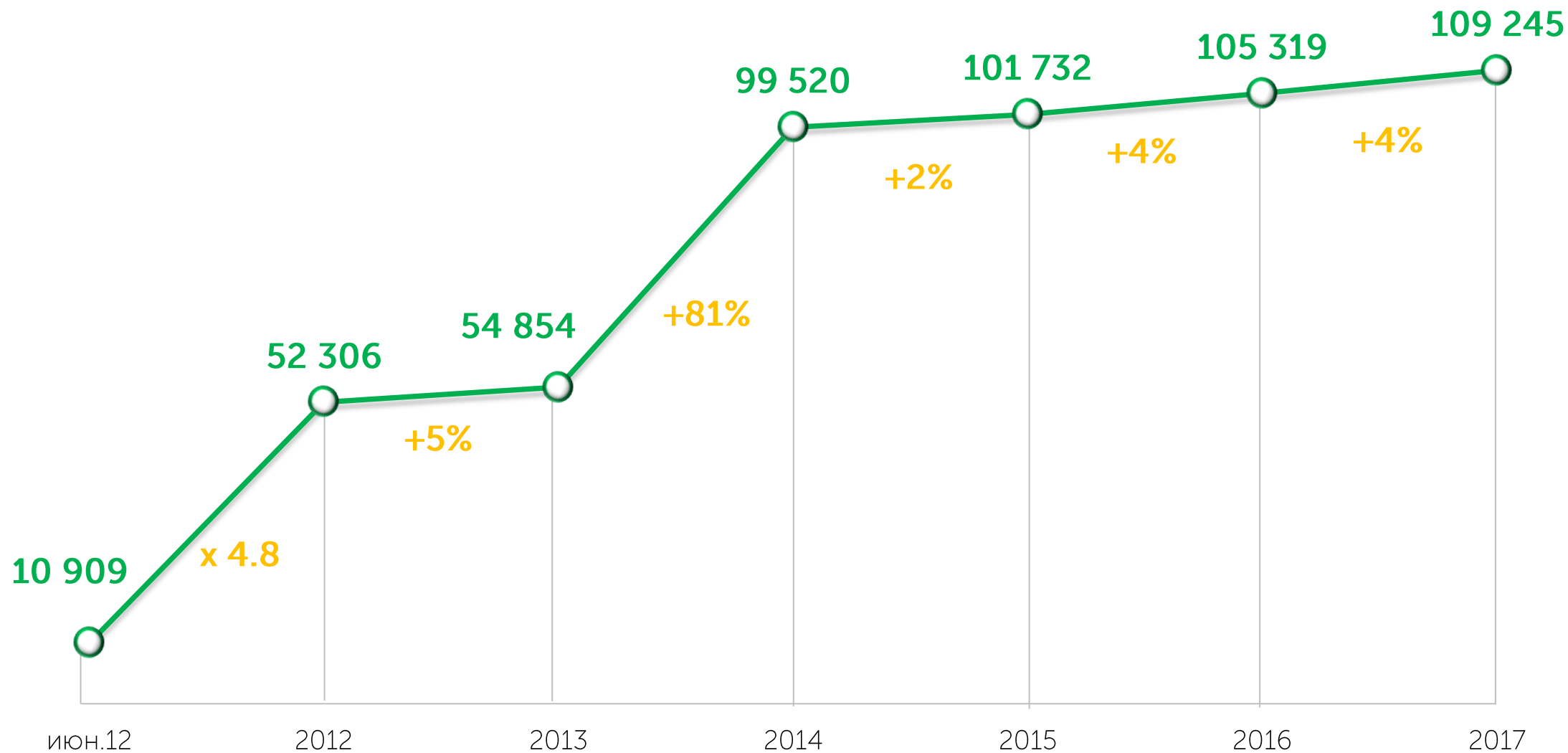


Money Market Indicators, %



Retail Investors

Number of individuals' accounts at the Central Securities Depository



Note: data as of end of the year



3 STRATEGY FOR DEVELOPMENT

Focus areas for development

Strategic Direction

Stock Market Growth

Targets

- attract new issuers
- extend investor base
- develop foreign exchange market
- improve clearing services

Customer Focus Improvement

- strengthen cooperation with market participants and KASE members
- improve quality of services
- new corporate website
- enhance the KASE image and raise awareness of its activities

Efficiency and
Competitiveness Raising

- promote market data
- upgrade IT-systems
- improve operational risk management system

Focus on SMEs

- ✓ The new listing structure - Alternative Market for SMEs
- ✓ Minimal listing fees
- ✓ Mitigated listing rules and requirements



Setting Standards for Information Disclosure (1/2)



UN "Sustainable Stock Exchanges Initiative"

- In **2015** KASE joined the UN SSE initiative
- On 1 December 2016 KASE launched the **Model Guidance on ESG reporting**
- **Round table "Introduction to ESG reporting"**
- Strong cooperation with the International Finance Corporation



Committee for Mineral Reserves International Reporting Standards (CRIRSCO)

- Since **January 1st 2018** Public reports of independent Competent person must be prepared in accordance with the CRIRSCO or oil and gas geological reporting standards, depending on which of these standards are applicable to the field.

Setting Standards for Information Disclosure (2/2)



The United Nations Conference on Trade and Development (UNCTAD)

- KASE, as a member of the Task Force, actively participates in the project of the Ministry of Finance of the Republic of Kazakhstan and the United Nations Conference on Trade and Development of UNCTAD **"Evaluation of corporate reporting infrastructure in the Republic of Kazakhstan"**



Corporate Governance Scorecards - IFC

- KASE adopted Corporate Governance Scorecard in 2013
- The Scorecard was designed in cooperation with **the International Finance Corporation**

Promoting Best Practices



Kazakhstani Award – "Best Annual Report Award"

Encouraging companies to apply best practices and standards



"Issuer's Day" for listed companies

Conduct meetings:

- management of listed companies
- investors and stakeholders
- professional participants of the securities market



KASE Award - "Best Efforts for Commitment to transparency"

Encouraging companies for disclosure and transparency

Developing Skills & Sharing Experience (1/4)

"Corporate Governance Fundamentals" Training

- Corporate Governance framework
- Effective decision-making
- Transparency and information disclosure
- Risk assessment and growth opportunities

"Building Investor Relations" Seminar

- Concept of IR service
- IR tools
- Benchmarking and Financial analysis
- Communication strategy



"Securities market: new business growth opportunities"

Seminar

- Underlying principles of securities market
- Stocks and bonds – what to choose
- Main players – KASE, brokerage companies
- Steps to go public

"Securities market: ways to invest"

Seminar

- Securities market framework
- Financial instruments
- Main players – KASE, brokerage companies
- Investment strategy
- Risk assessment and investor's protection



Developing Skills & Sharing Experience (3/4)

"Exchange information sources"

Seminar for journalists

- fundamentals of stock market
- interpretation of stock market information

"The best publication about KASE and Kazakhstani securities market"

Award

- "Best article"
- "Best publication on social networks (FB, LinkedIn, Twitter, etc.)"
- "Best TV story"





Interactive game for students **"KASE Simulation"** based on real-time KASE trading platform and data:

- learn online trading fundamentals
- taste KASE trading platform
- increase financial literacy
- obtain real working experience



Award "Investor of the Year"

- improve investor skills
- increase market activity
- promote securities market

Increasing Awareness (1/3)



Active participation of KASE's team in regional and international business events

- **exhibitions**
- **forums**
- **round tables**
- **conferences**
- **training and seminars**

Round tables and consulting sessions in all regions of Kazakhstan

Individual consulting

- **2016-2017: >100 consulting sessions in 14 regions of Kazakhstan**

Increasing Awareness (2/3)



Media briefings

- on monthly and quarterly bases



TV programs on Atameken Business Channel

- "KASE Weekly"
- "In trend"
- "Stock market: Status PRO"



Regular publications on social media

Increasing Awareness (3/3)

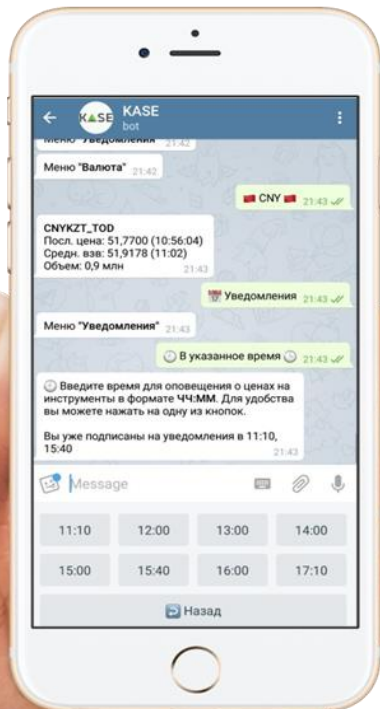


Official information channel in **Telegram** – **@KASEInfoBot**

- update on the process and results of securities and foreign currency trading on KASE
- details of exchange market indicators calculated by KASE
- payment of dividends in a convenient and concise format

Free of charge

Languages: Kazakh, Russian and English



New corporate website www.kase.kz

1

New design

design update according to the new corporate style

2

New technologies

changing of the programming language to speed up database queries

3

New features

interactive stock charts, document filtering, data upload, listing fees calculator

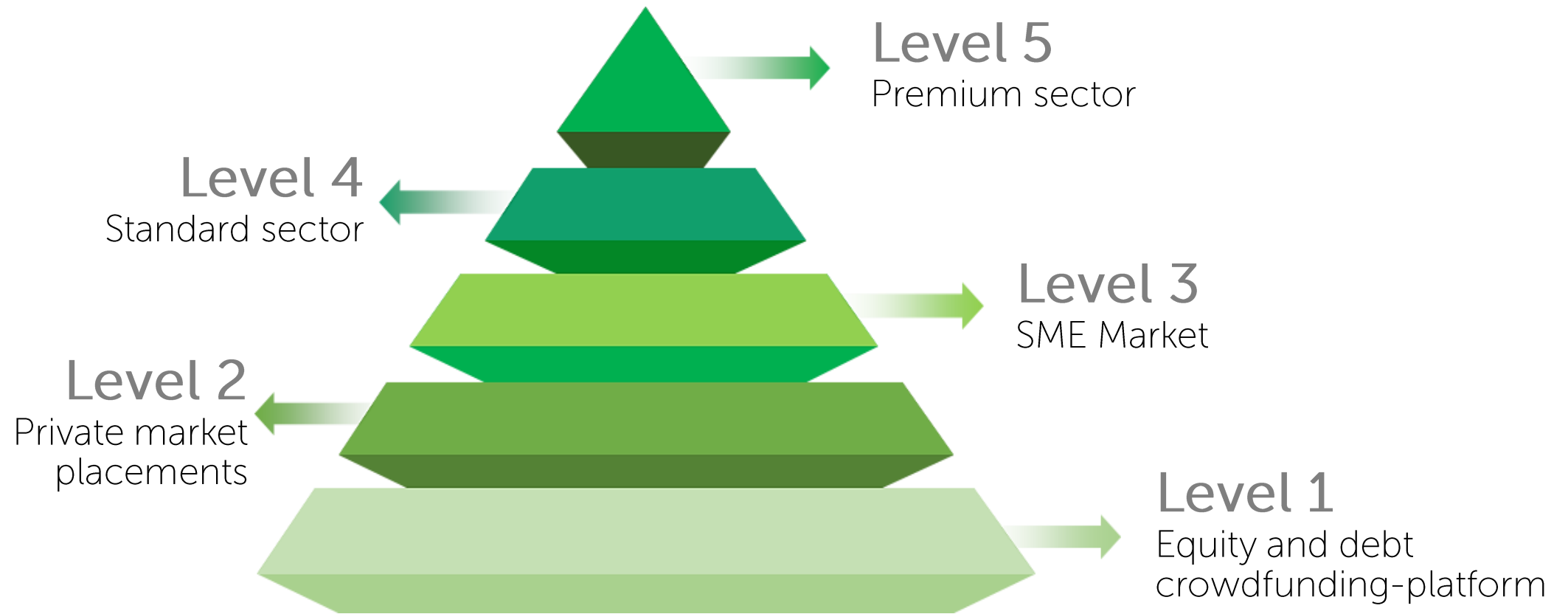




4 PLANS FOR 2018

Goal – Multilevel Exchange

From Start-up to Blue Chips



Development of New Market Place for Start-up Projects

The purpose of KASE is to facilitate an access to fundraising for start-up companies

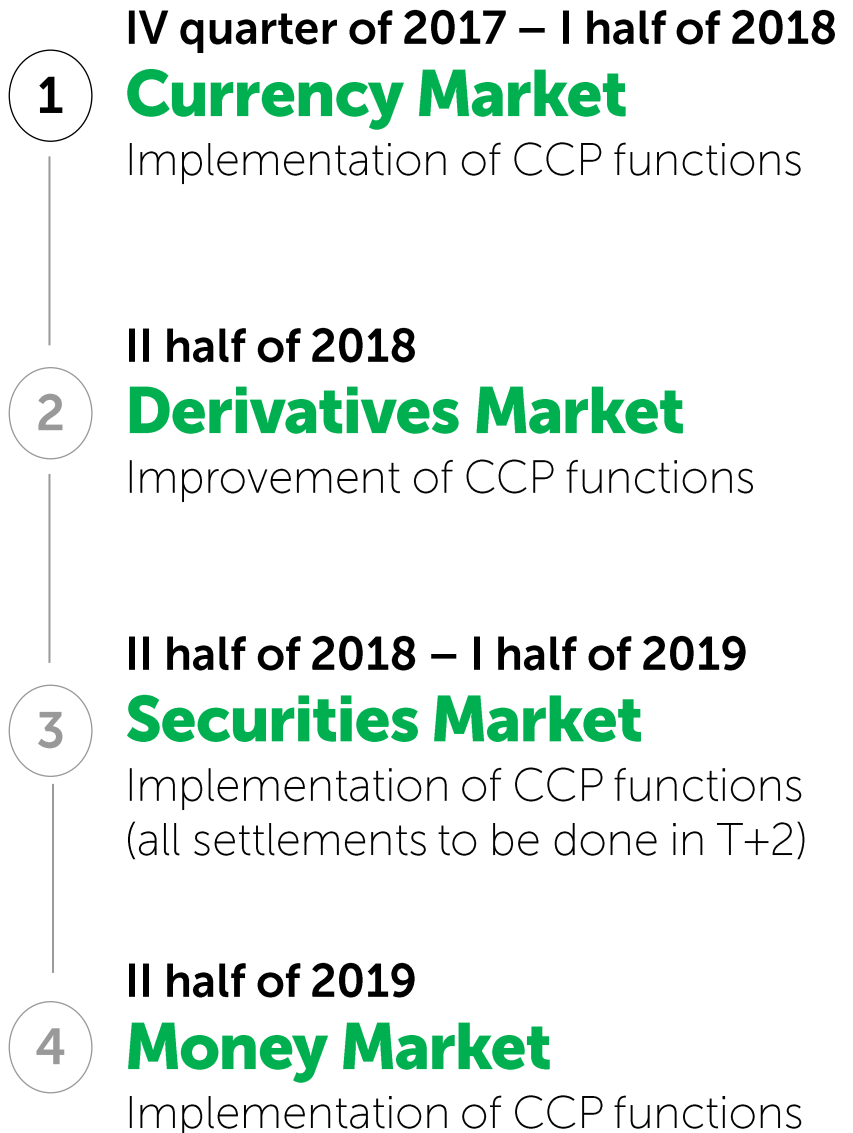
- October 3, 2017 KASE signed a **memorandum with Kazakhstan business incubators**
- Developing Trading Platform and Legal Framework to support market participants:
- To be launched in **2018**



Launch of Central Counterparty (CCP)

Advantages of CCP :

- Reduce the credit risks for participants
- Guarantee settlement of transactions
- Reduce marginal requirements
- Trade outside the mutual limits of participants
(a single limit of the CCP)



Development of Trading system and Settlements

- Extension of the transaction period of REPO deals with netting up to two days
- Application of the T + n scheme on securities market
- KASE suggest to use **T + 1 scheme** on Bonds
- Settlement of trades with securities issued in accordance with the laws of other states, in the denominated currency
- Implementation of auto-repo transactions using Eurobonds as collateral with settlements done in the denominated currency

KASE celebrates 25th Anniversary

25 жыл
лет
years KASE

Upcoming events

- Publication of KASE Book "25-Year History of Stock Market Development"
- Securities Market Forum
- Meeting of members of International Association of Exchanges of the Commonwealth of Independent States in Almaty
- Sport events (billiard, football, tennis, bowling)
- Master classes by leaders of financial market




25 жыл
лет
years

KASE

Қазақстан қор биржасы
Казахстанская фондовая биржа
Kazakhstan Stock Exchange

 Kazakhstan Stock Exchange

 kase_kz

 Kazakhstan.stock.exchange

 Казахстанская фондовая биржа KASE

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