

The background of the entire page is a dark blue gradient with a complex, glowing network of light blue lines and nodes, resembling a molecular structure or a digital network. The text is centered and reads:

# **KASE GROUP**

# **ANNUAL**

# **REPORT**

# **2024**

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# MESSAGE FROM THE CHAIRPERSON OF KASE's BOARD OF DIRECTORS

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Dear shareholders, clients, and partners!

On behalf of the Board of Directors, it is my pleasure to extend a warm welcome to you on the pages of the Exchange's annual report for 2024.

Last year has been for us a period of remarkable accomplishments and strengthening of the Exchange's role as the key framework of Kazakhstan's financial market. We maintained our focus on enhancing trade transparency, boosting liquidity, and broadening investment prospects.

One significant event was the affirmation of Kazakhstan's investment appeal by global rating agencies. In particular, Moody's upgraded the country's credit rating from "Baa2" to "Baa1" with a "Stable" outlook. This enhanced the economic stability, boosted investor trust, and facilitated the inflow of new capital into the market, ultimately benefiting the growth of the stock market and fostering conditions for an ongoing economic expansion.

In 2024, the Exchange successfully completed the implementation of KASE's Development Strategy for the years 2022–2024. A significant milestone was the establishment of Kazakhstan Stock Exchange's Clearing Centre. It now operates as an autonomous entity that handles clearing, settlements, and acts as a central counterparty across all KASE markets.

The international agency Thomas Murray validated the Clearing Centre's high efficiency by granting it an operational rating of "A+" along with a positive outlook. Furthermore, the Clearing Centre was acknowledged for adhering to all 18 IOSCO principles for financial infrastructure, emphasizing its dependability and conformity with global standards.

Improving liquidity continues to be a crucial objective for the Exchange. In 2024, we intensified efforts to draw in new investors and facilitate the engagement of small and medium enterprises in the regulated securities market. We introduced new financial products, improved the trading conditions, and proactively expanded the KASE Global sector, providing access to the most liquid foreign securities.

The year 2024 represented a significant milestone in digital transformation, as KASE and its Clearing Centre became part of the global digital exchange platform Tabadul Exchange Hub.

We prioritize adherence to international standards. In 2024, KASE and KACC successfully underwent an independent certification audit and obtained the ISO 9001:2015 and ISO/IEC 27001:2022 certificates. Furthermore, the Exchange has been added to the list of trading platforms that comply with ESMA requirements for post-trade information transparency. This simplifies the work of market participants and increases the access of foreign investors to our platform.

KASE has also enhanced its educational programs. We have broadened the range of events designed to boost financial literacy, aiming to establish a lasting investment culture within the community.

The financial stability of the Exchange continues to be strong. Following the 2023 results, KASE shareholders chose to distribute 9.26 bn KZT in dividends, representing 50 % of the Exchange's net profit. The dividend per common share was fixed at 8,611.3 KZT.

In 2025, KASE Group will launch a new Strategy for 2025–2027. Our primary objectives include sustaining our leadership in crucial markets, enhancing liquidity by drawing in new issuers and investors, and broadening the selection of exchange products in accordance with global trends. Also, we aim to bolster our IT infrastructure, adopt new technological innovations, and enhance the effectiveness of our IT services.

KASE Group will persist in its mission to enhance the exchange infrastructure, serving as a foundation for transparency, reliability, and effectiveness of Kazakhstan's financial sector.

I want to extend my heartfelt thanks to the KASE Group team for their cooperative and professional efforts, as well as to our shareholders and clients for their trust, support, and successful partnership.

I wish everyone fruitful cooperation and new achievements!

**Aliya Moldabekova**

**Chairperson of KASE's Board of Directors**

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# MESSAGE FROM THE CHAIRPERSON OF KASE's MANAGEMENT BOARD

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Dear shareholders, clients and partners!

In reviewing the outcomes of 2024, I would like to highlight that this period marked a significant milestone in the development of KASE and was distinguished by major achievements under the leadership of Alina Aldambergen. Thanks to her strategic vision and professional guidance, the KASE Group made a qualitative leap forward — both technologically and institutionally.

The year 2024 was a period of dynamic development for the KASE Group, marked by enhanced international cooperation, active expansion of partnerships with global financial institutions, and the implementation of advanced exchange technologies. A key achievement was the attraction of new issuers and investors, which contributed to increased market liquidity and strengthened its competitiveness.

Today, KASE is a central element of Kazakhstan's financial infrastructure, playing a significant role in the country's economy. The Exchange provides transparent and efficient access to financing, attracting both domestic and international investors. This fosters trust in the market and supports its further diversification.

Despite external factors, 2024 was marked by growth in the capitalization of KASE's equity market. The total market value of local shares rose by 23%, reaching KZT 32.9 trillion, while the KASE Index hit a historic high, increasing by 33% to 5,578.10 points.

One of the key trends was the increase in the number of transactions. This figure grew 2.1 times, reaching 2 million transactions, largely driven by the expansion of instruments in the corporate bond market, the growing number of capital market participants, and the active involvement of retail investors. Additional contributing factors included successful IPOs and the promotion of ESG standards.

In 2024, we continued our active efforts to develop the ESG bond market, which led to a record number of listings — 10 issues totaling KZT 549 billion, of which KZT 436 billion was successfully placed. These instruments help finance environmental and social projects, supporting sustainable development.

Against the backdrop of declining inflation from 9.8% to 8.6%, the National Bank of Kazakhstan gradually reduced the base rate, which contributed to a doubling in trading volume on the corporate bond market — up to KZT 4.3 trillion.

In 2024, the number of tradable instruments also increased, reaching a record high of 758 securities from 260 issuers. Another favorable factor supporting the growth in trading volumes was the expanded list of tradable instruments. Over the course of the year, 226 instruments from 86 issuers were added to the official list, including 32 new issuers.

Thus, one of the key goals — increasing liquidity — was successfully achieved. As part of this effort, active measures were taken to attract new investors and support the participation of small and medium-sized businesses in the organized securities market. The Exchange introduced new financial instruments and improved trading conditions, which enabled greater engagement from both issuers and investors. The stock exchange processes thousands of transactions daily, with an average daily turnover exceeding KZT 1.6 trillion. The Central Securities Depository has registered 3.3 million investor accounts, reflecting the growing interest in the stock market and its active development.

In addition, KASE plays an important role in enhancing financial literacy among the population. Regular educational webinars are held, covering a broad range of topics — from the basics of investing and working with financial instruments to more advanced areas such as market analysis, risk management, and modern financial strategies. These webinars are organized for both beginners and experienced market participants, with the involvement of experts, and aim to simplify access to the stock market.

In doing so, KASE fosters an open and accessible financial environment that not only supports businesses and investors but also contributes to strengthening Kazakhstan's stock market and its long-term economic growth.

A key milestone was the completion of the 2022–2024 Development Strategy. The transfer of clearing and settlement functions to the KASE Clearing Center (KACC) helped create favorable conditions for investors, implement international standards, and expand the range of services. The Clearing Center is actively enhancing its operations to align with the best international business practices and achieve global recognition.

The separation of functions within the exchange market infrastructure is aimed, among other things, at creating favorable conditions for investors when conducting transactions on the organized market, attracting foreign participants, implementing advanced international standards, and expanding the range of services offered by other exchanges in Kazakhstan and the broader region. Moreover, this step contributes to the effective distribution of risks among infrastructure organizations.

One of the key events of the year was the connection of KASE and the KASE Clearing Center (KACC) to the Tabadul Exchange Hub — a digital trading hub launched by Abu Dhabi Securities Exchange (ADX). This partnership has opened access for global

investors to leading Kazakhstani companies, supporting market liquidity growth and improving the investment climate.

The KASE Group successfully passed an external audit confirming compliance with international quality and information security standards, reaffirming its high level of governance and data protection.

Additionally, KASE was included in the list of trading venues that meet the transparency requirements of the European Securities and Markets Authority (ESMA) regarding post-trade information. This status exempts market participants from the obligation to report transactions executed outside the EU to the European regulator, thereby facilitating the attraction of foreign investors. It also increases the transparency of the trading venue for international regulators and contributes to strengthening KASE's reputation in global financial markets.

The KASE Strategy for 2025–2027 is a logical continuation of the 2022–2024 Development Strategy and takes into account current trends and emerging challenges.

Our task now is to ensure continuity and, on this solid foundation, implement the ambitious goals of the next strategic period of 2025–2027. Our efforts will focus on three key areas. First, we will continue to deepen financial inclusion by offering more accessible and diverse products for various categories of investors. Second, we will focus on developing capital market infrastructure by improving existing markets and expanding the range of instruments available to issuers and investors. The third area is the implementation of innovative technologies and digitalization, which will enhance the efficiency of exchange processes.

We will continue our efforts to increase market liquidity, attract new issuers and investors. Should demand arise from clients, banks, and brokers, we will expand our product lineup. We also intend to actively continue our initiatives to improve financial literacy among retail investors.

KASE remains committed to reaching new heights, strengthening its position in the region, and delivering innovative products and services. I would like to express my sincere gratitude to our colleagues, partners, and shareholders for their support and collaboration. I am confident that with our resources and professionalism, we will successfully meet future challenges and make a significant contribution to the development of Kazakhstan's capital market.

I would also like to express my sincere gratitude to Alina Aldambergen for her outstanding contribution to the development of the KASE Group, and to thank the entire team, our partners, and shareholders for their support, trust, and cooperation. I am confident that, thanks to our accumulated experience, high level of professionalism, and commitment to continuous development, we will confidently move forward and reach new heights for the benefit of Kazakhstan's entire capital market.

**Adil Mukhamejanov**

**Chairperson of the Management Board of KASE**

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# MAIN EVENTS

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## **January**

In January, KASE and KASE Clearing Centre were referred to as systemically important financial organizations in line with the Rules for classifying financial institutions as systemically important, which were approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan.

On January 16, an online awards ceremony was held for the winners of the second phase of the simulated trading as part of the 15th annual KASE competition – the "Stock Exchange Simulator".

## **February**

On February 2, a meeting with institutional investors took place on KASE during the IPO roadshow of Air Astana JSC. At the meeting, details regarding the IPO parameters and the company's operational performance from the previous period were presented.

On February 2, A. Aldambergen, Chairperson of KASE's Management Board, participated in the panel discussion titled "Digital Finance: infrastructure, regulation and priorities" during the VI international digital forum "Digital Almaty 2024: "Industry X: digital evolution of the future".

On February 7, a business breakfast titled "KASE Day in Astana" took place in Astana, where representatives from both the private and quasi-public sectors, along with partners of the Exchange, gathered to discuss various topics. The meeting aimed to inform attendees about the Exchange's projects, the introduction of new innovations and financial instruments, trends and future outlooks for Kazakhstan's stock market. Additionally, information was shared on the development of ESG financing, upcoming plans for launching and trading tokenized assets on the KASE Digital platform, development of the Market Data sector, KASE's information and analytical products.

On February 13, KASE representatives spoke at the conference called "Green Finance: Development, Challenges and Opportunities in Eurasia" organized by PwC Kazakhstan and Strategy&.

On February 15, Kazakhstan Stock Exchange conducted a market open ceremony for common shares of Air Astana JSC as part of the initial public offering, which was simultaneously held on the AIX platform in a mutual broadcast mode.



## **March**

On March 1, shares of Air Astana JSC were included in the representative list of shares used for calculating KASE Index.

On March 6, KASE, together with IFC, held the annual market open ceremony "Ring the Bell for Gender Equality", which included a discussion on the topic "Invest in Women: Accelerate Progress".

On March 12, Kazakhstan Stock Exchange (KASE) hosted its annual awards ceremony for 2023 to honor members of the Exchange who exhibited exceptional performance in KASE markets, along with listed companies – for their dedication to transparency, media representatives – for their active reporting on the stock market, and the winners of the annual report contest.

On March 14, Chairperson of KASE's Management Board A. Aldambergen spoke at a panel discussion on the topic "The Role of Banks in the New Kazakhstan" at the 11th annual CFO Summit.

## **April**

A market open ceremony for simulated trading as part of the "Stock Exchange Simulator" project was held on April 8,

On April 4, KASE Clearing Centre and Commodity Exchange "Eurasian Trading System" JSC signed a memorandum of understanding.

On April 18-19, representatives of KASE and KASE Clearing Centre took part in the General Annual Meeting of the MAB CIS members.

In April, representatives of KASE and KASE Clearing Centre took part in the annual FEAS international conference on capital markets ConFEAS 2024.

On April 22, a seminar titled "Challenges Facing Almaty's Environment and Their Solutions" took place at KASE as part of KASE's Insight initiative.

In April, KASE conducted a meeting with delegates from the Agence Française de Développement (French Development Agency – AFD) to discuss future collaboration aimed at advancing sustainable development principles. The discussion included an overview of Kazakhstan's stock market infrastructure, the ongoing trends in its development, and current projects of the Exchange.

On April 29-30, KASE took part in the Annual Conference of the Arab Capital Markets Federation organized by the Qatar Stock Exchange.

On April 29, the Exchange began publishing the values of the composite index for the money market and the government securities market, MBM\_Index, on its official website.

## **May**

KASE delegation on May 1-2 took part in the international Capital Markets Summit-2, organized by the Dubai Financial Market.

On May 21, a KASE delegation headed by Chairperson of KASE's Management Board A. Aldambergen took part in the forum "Financial Sector of Kazakhstan: 25 Years of Strategic Challenges" organized by the AFK.

## **June**

On June 4, the Exchange completed the handover of clearing and settlement activities and CCP functions on all KASE markets to KASE Clearing Centre.

Representatives from KASE organized "KASE Day in Bishkek," where they informed the audience about the outcomes of KASE operations, future opportunities for the growth of Kazakhstan's stock market, financial instruments and services offered by KASE, and the central counterparty.

On June 4, Chairperson of KASE's Management Board A. Aldambergen spoke at a session on the topic of "Sustainable Finance: Challenges and Opportunities" at Sustainable Trend Forum Kazakhstan in Astana.

On June 28, Chairperson of KASE's Management Board A. Aldambergen took part in the panel session of the Eurasian Business Forum – New Vision Forum on the topic "Women in a dynamic world: innovations and entrepreneurship"

## **July**

On July 4, Deputy Chairperson of KASE's Management Board D. Amanzholova spoke at the session "Sustainable Microfinance in Kazakhstan: Integration of ESG Principles for Future Growth".

On July 10, Deputy Chairperson of KASE's Management Board D. Amanzholova, together with representatives of the ARDFM and the Central Depository, took part in the 40th International Bond Market Forum FSUFR+3, which was held in Japan.

## **August**

On August 7, KASE, KASE Clearing Centre (KACC) and Abu Dhabi Securities Exchange signed an agreement on joining the digital exchange hub Tabadul.

## **September**

On September 5, KASE and Muscat Stock Exchange signed a memorandum of cooperation.

On September 5, Chairperson of KACC's Management Board N. Khoroshevskaya spoke at the conference "Astana Finance Days 2024: Innovations. Investment. Impact" at the panel session "Conversation on the state of sustainable finance in Central Asia".

On September 6, Chairperson of KACC's Management Board N. Khoroshevskaya spoke at the panel session "Alternative Financing of Business Growth" as part of the anniversary conference "fcbk 2024: Empowering business".

On September 7-8, KASE held a football tournament among issuers, members and partners of the Exchange.

On September 9, trading in new EUR/USD currency swaps opened.

On September 10, Chairperson of KASE's Management Board A. Aldambergen spoke at the panel session "A New Era of Strengthening Securities Market Connectivity for Economic Growth" at the 26th ACG Annual General Meeting.

On September 18, Chairperson of KASE's Management Board A. Aldambergen spoke at the session "Innovations and Democratization of Access to Financial Markets" as part of The first Kazakhstan Economic Freedom High-Level Conference.

Chairperson of KACC's Management Board N. Khoroshevskaya spoke at the session "IPO & Capitalization" within the framework of K24: Kazakhstan Growth Forum – a forum for chief executives and business owners.

On September 23, KASE and the National Bank of the Republic of Kazakhstan, with the assistance of Citibank N. A. held a conference on the topic "Kazakhstan Local Currency Bond Market" in London.

On September 25, KASE's ESG Officer M. Kassymbaeva spoke at the session "ESG Fundamentals and Greenwashing Issues: Integration of Environmental, Social and Corporate Principles in Business" during the discussion platform "Prospects of ESG Agenda and Greenwashing Issues: How to Ensure an Effective Business Strategy in Sustainable Development".

## **October**

On October 1, KASE launched the calculation and publication of ESG bond indices as part of the promotion of ESG standards in Kazakhstan and the principles of responsible investment.

On October 1, Chairperson of KASE's Management Board A. Aldambergen took part in the 18th Exchange Forum of the Organization of Islamic Cooperation in a panel session on the topic: "Financial Literacy and Inclusion in the Capital Markets of OIC Countries".

In October, KASE was included by the European Securities and Markets Authority (ESMA) in the list of trading platforms that meet the requirements for transparency of post-trade data.

On October 9, Chairperson of KASE's Management Board A. Aldambergen took part in the Central Asia Fintech Summit.

KASE representatives took part in the conference Tech Day 2024, Technology of Future.

On October 11, representatives of KASE and KASE Clearing Centre took part in the II Eurasian Financial and Economic Forum – Khorgos "East-West: business without borders".

On October 11, representatives of KASE spoke at the VII Conference Capital Markets Kazakhstan.

From October 8 to 24, KASE held a fair of Kazakhstan's brokers "KASE FEST" at the premises of leading universities in three cities of Kazakhstan.

On October 28, the Exchange took part in Kazakhstan Finance Day in New York.

On October 30, KASE, with the support of Deutsche Bank, held the Kazakhstan Equity Capital Markets Day conference in London.

## **November**

In November KASE representatives spoke at the forum "Corporate governance – an imperative for liberalizing Kazakhstan's economy".

On November 19-21, representatives of KASE and KASE Clearing Centre took part in the WFE General Assembly & Annual Meeting.

On November 26, KASE held a ceremonial opening of trading "Ring the Bell for Climate 2024" as part of the global initiative of the World Federation of Exchanges.

In November, KASE joined the Net Zero Financial Services Providers Alliance (NZFSPA).

In November, KASE conducted a self-assessment of its activities in calculating money and stock market indicators for compliance with the IOSCO Principles for Financial Benchmarks.

## **December**

On December 30, KASE launched trading in new lending/borrowing transactions in government securities (SLB).

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# MISSION, VISION AND GOAL

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## **Mission**

Promoting economic growth in the Republic of Kazakhstan through:

- providing a wide range of fundraising instruments for local issuers;
- providing a platform for the redistribution of liquidity in the financial system;
- providing a transparent investment environment for local and foreign investors.

## **Vision**

KASE is a high-tech trading platform providing a full range of exchange services, accessible to local issuers and open to local and international investors.

## **Goal**

Achieving and maintaining the status of a leading exchange platform in the region and increasing the value of KASE for stakeholders.

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## ABOUT KASE GROUP

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Kazakhstan Stock Exchange (KASE, or the Exchange) operates a diversified business model built on four primary markets: currency market, stock market (securities market), money market (repo and swap transactions), and the derivatives market. The Exchange possesses a well-established trading, clearing, and settlement system that complies with the best international standards.

KASE's universal operational format offers participants optimal convenience during transactions, especially as most of them engage in multiple markets at the same time. The diverse assortment of financial instruments facilitates effective liquidity management and allows for the application of various investment strategies for both trading participants and their clients.

The Exchange conducts various activities under licenses issued by the regulatory authority responsible for the regulation and development of the financial market:

- 1) activities related to organizing trading in securities and other financial instruments (license No. 4.2.3/1 dated July 19, 2012);
- 2) clearing activities for transactions with financial instruments in the securities market (license No. 4.2.3/1 dated July 19, 2012);
- 3) conducting banking operations in national and foreign currencies (license No. 4.3.8 dated January 30, 2020).

The Exchange is a full-fledged member and represents Kazakhstan's stock market in international exchange associations such as the World Federation of Exchanges, the Federation of Euro-Asian Stock Exchanges (FEAS), the Global Association of Central Counterparties (CCP Global) and the International Association of Exchanges of the Commonwealth of Independent States (MAB CIS). This confirms that key aspects of the activities of Kazakhstan's trading platform comply with international standards and best world practice.

KASE provides a wide range of services, including membership, listing, trading services, market data dissemination, as well as the calculation and maintenance of indices and

indicators. The Exchange's subsidiary, the Clearing Centre, is responsible for clearing and settlements, and also acts as the central counterparty in all markets.

As of January 1, 2025, there were 51 professional members of the Exchange, which included all licensed banks and brokerage firms of the Republic of Kazakhstan, along with five foreign participants and two international financial institutions.

The Exchange's official list is divided into several markets: "Main", "Alternative", "Mixed" and "Private Placement".

The "Main" market is designed for large firms with a well-established track record of growth, whereas the "Alternative" market caters to small and medium-sized businesses, which face less stringent requirements compared to the "Main" market. This classification enables both larger corporations and small to medium enterprises to raise capital in the stock market.

The "Mixed" market comprises specialized areas for government bonds, securities issued by international financial organizations, investment funds, Islamic derivatives, in addition to highly liquid stocks and ETF securities from foreign entities.

The KASE Global sector within the "Mixed" market is designed for trading the most liquid securities of foreign issuers. This sector admits shares and ETFs that are listed on the primary market of the New York Stock Exchange (NYSE Equity) as well as on the NASDAQ exchange (NASDAQ Global Select), Euronext Paris, and Euronext Amsterdam, which are part of stock indices like the Standard & Poor's 500, NASDAQ 100, and Euronext 100.

The "Private Placement" market is designed for the listing of corporate securities that are subject to private placement. Private placement refers to the non-public distribution of bonds to a restricted group of qualified investors, and the terms of these securities are specified in a private memorandum.

The Exchange independently calculates and monitors 33 indicators for both the stock and money markets. The stock market in Kazakhstan is represented by indices and indicators that capture the trends of the stock and bond market of the Exchange. To evaluate the stock market, the Exchange determines the key indicator – KASE Index, which is currently regarded as the primary indicator of the national stock market. Additionally, the Exchange calculates and publishes the overall capitalization of the equity market, which represents the total market value of all companies whose shares are traded on KASE.

KASE Index reflects the change in the total market value of the most liquid shares of the Exchange's official list, issued by the largest and most financially stable companies-residents of the Republic of Kazakhstan.

To analyze the bond market, the Exchange uses the indices of the main market KASE\_BM\*, which show changes in the "clean" prices and yield indicators of the most liquid issues of bonds of Kazakh companies, as well as ESG bond indices.

The government securities market is represented by a series of indices and indicators that reflect both "clean" and "dirty" prices, as well as yield indicators at various maturity dates, without segmentation by maturity and with fixed lists of securities.

Indicators reflecting the repo market include TONIA, the main risk-free benchmark of the money market, as well as additional indicators such as TRION, TWINA, TCI, TCR\_1m, TCR\_3m, TCR\_6m. For the currency swaps market, the Exchange calculates the SWAP-1D, SWAP-2D indicators, as well as composite indices: MM Index (for the repo and currency swaps market) and MBM\_index (for the money market and the government securities market).

KASE provides a wide range of information products, including real-time market data, archived and reference data.

KASE Clearing Centre was established on June 21, 2022 through the reorganization of eTrade.kz LLP, a subsidiary of Kazakhstan Stock Exchange JSC.

The separation of roles between the Exchange and the Clearing Centre was implemented to establish favorable conditions for investors engaging in trades on the organized market, draw in foreign investors, broaden the range of services in other exchange markets within Kazakhstan and the region, and also to separate the risks associated with two systemically vital infrastructure organizations.

The spin-off of the CCP functions into an independent legal entity enables an increase in the variety of services offered and the growth of the markets catered to.

In 2023, KASE Clearing Centre JSC received the following licenses:

- 1) clearing activities on transactions with financial instruments in the securities market (license No. 3.1.8.2 dated July 21, 2023);
- 2) conducting banking operations in national and foreign currencies (license No. 4.3.22 dated August 28, 2023).



The transfer of functions from the Exchange to the Clearing Centre was carried out in two stages:

- 1) On September 25, 2023, the Exchange transferred clearing and settlement functions, as well as the central counterparty functions on the stock market to the Clearing Centre.
- 2) On June 3, 2024, the Exchange transferred its clearing and settlement functions, as well as the central counterparty functions on the currency and derivatives markets to the Clearing Centre.

As of the end of 2024, 49 organizations were clearing participants: 42 financial organizations in the stock market, 36 financial organizations in the currency market, and 20 financial organizations in the derivatives market.

A total of 1,715 financial instruments were available for clearing services, considering the potential for repo and swap transactions across various terms, including shares – 148 instruments from 129 issuers, bonds – 767 instruments from 140 issuers, other securities – 33 instruments from 18 issuers, foreign currencies (7 currency pairs) – 22 instruments, 726 money market instruments, and 16 derivatives market instruments.

The Clearing Centre carries out its activities based on 4 fundamental principles:

- 1) The Clearing Centre acts as an intermediary in transactions, serving as a counterparty for both the buyer and the seller.
- 2) The Clearing Centre performs netting on transactions with the past settlement date.
- 3) The Clearing Centre, functioning as the central counterparty (CCP), ensures the successful completion of settlements for all transactions it handles.
- 4) If a clearing participant fails to meet its obligations, the Clearing Centre implements default management procedures to ensure that settlements on transactions of a legitimate clearing participant are completed.

Clearing participants can receive one of the following categories:

- without collateral – a clearing participant participates in trading without providing collateral for the fulfillment of obligations on transactions on a certain exchange market,
- with partial collateral – a clearing participant participates in the trading in financial instruments subject to the sufficiency of collateral, formed in accordance with the Clearing Rules, to fulfill obligations on transactions and active orders in this trading,

- with partial collateral using a limit on opening positions – a clearing participant participates in the trading in financial instruments subject to the sufficiency of collateral, using a limit on opening positions for the clearing participant and establishing an individual initial margin rate equal to at least twice the concentration rate,
- with full coverage – a clearing participant participates in the trading subject to full coverage of obligations on concluded transactions and active orders in financial instruments in which these obligations arose,
- with subsequent collateral – established for a clearing participant who participates in trading via remote access through the electronic trading system

## **Risk management system**

### *Market risks*

In order to control market risks, the Clearing Centre uses a complex multi-level system for ensuring the fulfillment of obligations under transactions – waterfall.

In the event of a default and the Clearing Centre liquidating the positions of the insolvent clearing participant, the collateral is used in the following order:

- 1) Margin collateral of the uncoscientious clearing participant;
- 2) Stress collateral of the uncoscientious clearing participant;
- 3) Contributions of the uncoscientious clearing participant to the guarantee fund;
- 4) Reserve fund;
- 5) Contributions of bona fide clearing participants to the guarantee fund.

For the purposes of market risk management, on each market – stock, currency and derivatives:

- 1) a guarantee fund is formed of clearing participants' contributions,
- 2) a reserve fund is formed of the Clearing Centre's own funds.

The methodology for calculating the total size of the guarantee fund and reserve fund is based on the cover 2 principle defined by the 4th principle of CPMI-IOSCO PFMI, which assumes that the size of clearing funds should be sufficient to settle the default of the two largest clearing participants.

The size of guarantee funds is 720 mln KZT on the stock market, 634 mln KZT – on the currency market, and 54 mln KZT – on the derivatives market.

The size of reserve funds is 2,208 mln KZT on the stock market, 1,500 mln KZT – on the currency market, and 170 mln KZT – on the derivatives market.

For the purposes of identifying, monitoring and controlling risks, the Clearing Centre calculates risk parameters (taking into account the portfolio approach) for all financial instruments accepted for clearing services.

Risk parameters include, among other things, initial margin rates and concentration rates, which are used to discount the value of financial instruments accepted as collateral. These rates reflect the risk of a possible change in the value of a financial instrument when it is sold for the purpose of default settlement.

Risk parameters also include interest rate risk of financial instruments used to assess the risks of net positions in repo and swap transactions with future settlement dates.

In order to control risks, the Clearing Centre imposes requirements on financial instruments that can be accepted for clearing services with the settlement cycle T+2 (T+ list) and on financial instruments accepted as collateral (T+ collateral list), including taking into account the structure of collateral of trading participants on the stock market.

Financial instruments that meet the requirements for liquidity and reliability, as well as the outstanding volume, are accepted into the T+ list and into the T+ collateral list.

#### *Operational risks*

Operational risks include the risks of expenses (losses) arising as a result of inadequate and insufficient internal processes, human resources, information systems or as a result of external events. The implementation of operational risks may damage reputation, lead to negative legal consequences or financial losses. KASE Group cannot assume that all operational risks are eliminated, but KASE Group manages such risks using the control system and by monitoring and appropriately responding to potential risks. The control system provides for effective separation of duties and authorities, access rights, dual control procedures, reconciliation reports, as well as procedures for identifying and assessing risks, and analyzing processes. Personnel are periodically trained in the principles and approaches to organizing the risk management and internal control system. In order to ensure the continuity of KASE Group's operations, policies and procedures for ensuring continuity and recovery of operations have been developed.

#### *Liquidity risks*

Liquidity risk is the risk that a company might fail to meet its payment obligations when they fall due under normal or unexpected circumstances. In order to limit the risk, the management has established requirements for the minimum amount of money in the relevant accounts of the Exchange, the Clearing Centre. Executives also carry out asset management, taking into account liquidity, and daily monitoring of current and future cash flows. This process includes assessing expected cash flows and the availability of highly liquid collateral that can be used to obtain liquidity if necessary.

As part of liquidity risk management when performing the functions of a central counterparty, the Clearing Centre uses the tools and processes established by the Rules for execution of clearing activities on transactions with financial instruments.

Temporarily free own assets of the Exchange, the Clearing Centre are placed in short-term financial instruments in accordance with the limits established by the Asset Investment Policy (hereinafter – the Investment Policy). The Investment Policy also provides for diversification of investment objects that make up the investment portfolio in order to eliminate the risks of losses arising from the concentration of financial assets with the same maturity in the investment portfolio of the Exchange, the Clearing Centre.

In this case, the diversification of investment objects that make up the investment portfolio is carried out in order to eliminate the risks of losses arising from the concentration of financial assets with the same maturity in the investment portfolio of the Exchange and the Clearing Centre.

In order to minimize the risk of default, clearing participants have created guarantee funds, and the Clearing Centre has created a reserve fund, the sizes of which are calculated using internal methods.

In addition, in order to reduce liquidity risks, the Clearing Centre has concluded agreements with liquidity providers for securities, the Chinese yuan and the KZT.

#### *Counterparty risks*

In order to control the risks of clearing participants, the Clearing Centre establishes requirements for candidates for clearing participants, including requirements for the sufficiency of equity capital, financial stability, the availability of a risk management system, the absence of negative information in terms of combating money laundering and terrorist financing, the absence of sanctions restrictions, etc.

When an organization is assigned the status of a clearing participant (except in cases where the organization has the valid status of a clearing participant), such organization is assigned an internal rating based on the financial statements and other documents provided by this organization to the Clearing Centre. Ratings are graded from A to D.

Depending on the assigned rating, the clearing participant is assigned the category "with partial collateral" or "with full coverage".

To qualify for the "with partial collateral" category, a clearing participant must have a rating of at least "C".

The Clearing Centre carries out regular financial monitoring of clearing participants. Monitoring of banks is carried out once a month, and that of brokers – once in a quarter.

Monitoring is carried out on the basis of the financial statements of clearing participants, as well as any events, including, but not limited to, information on lawsuits, information on the violation by the clearing participant of prudential standards and other norms and limits established by the authorized body, etc., that carry negative information and affect the financial stability of clearing participants.

The result of financial monitoring is a revision of the clearing participant's internal rating.

In the event of detection of negative information, the Clearing Centre has the right to apply enhanced control measures to the relevant participant (inclusion in the watch list, daily monitoring of open positions and sufficiency of collateral for such positions of the clearing participant, initiating the issue of sending a request to the clearing participant about the reasons for the deterioration of the financial condition and the presence of plans to restore its financial stability) up to and including suspension of clearing services, deprivation of the status of a clearing participant (failed to eliminate the identified discrepancies or was declared insolvent).

The main advantages of KASE Group are:

- The universality of the market, thanks to the diversification of business, which allows the Exchange to effectively overcome fluctuations in the economic cycle. At different stages of the cycle, participants demand different classes of financial instruments.
- Quantitative parameters of trading on KASE are used when including shares in the FTSE and MSCI emerging market indices, as well as for forming ratings of Kazakhstan's equity market.

- KASE is a source of market data for foreign investors and actively cooperates with leading providers of market data in international financial markets, such as Bloomberg, Refinitiv and others.
- The possibility of expanding the geography of investors through participation in international exchange associations, being an important source of information about Kazakhstan's capital market.
- Modern technologies, well-established trading and settlement infrastructure, availability of Central Counterparty (CCP) services and the full-fledged T+2 mode, as well as a developed repo market.
- The availability of the T+2 trading and clearing cycle, which simplifies access to the market for foreign investors.
- Own correspondent network for carrying out monetary settlements on exchange markets.
- KASE Index serves as a key indicator of Kazakhstan's stock market for the international community.
- All banks and broker-dealer organizations in Kazakhstan are members of KASE.
- Experienced and highly qualified staff.

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## KEY FACTS, MARKET TRENDS

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The total volume of trading on KASE in 2024 amounted to 389.1 trln KZT, which is 5.3 %, or 21.7 trln KZT, less compared to 2023. However, the number of transactions increased by 73 %, amounting to 1.0 mln transactions, which significantly exceeds the level of 2023.

The equity market capitalization increased by 23.0 %, reaching 32.9 trln KZT. KASE Index increased by 33.2 % in 2024, reaching 5,578.10 points, and on December 5, 2024, it updated its historical maximum at 5,624.38 points.

The volume of outstanding corporate debt increased by 1.6 %, or 211.5 bn KZT, amounting to 13.7 trln KZT (26.2 bn USD). Particularly noticeable growth is observed in the corporate bonds sector on KASE, where the volume increased by 98.7 % (2.2 trln KZT) and reached 4.3 trln KZT.

In the KASE Global sector, the trading volume amounted to 46.6 bn KZT, which is 27.5 %, or 10.0 bn KZT, more than in 2023. The total volume of repo transactions for 2024 amounted to 261.6 trln KZT, which is 14.7 %, or 45.0 trln KZT, lower than in 2023.

The trading volume in 2024 amounted to 2.8 bn KZT, an increase of 49.9 % (920.4 mln KZT) compared to 2023. The primary market volume amounted to 49.5 bn KZT, which is 52.5 %, or 17.0 bn KZT, more than in 2023.

In February 2024, the IPO of Air Astana JSC took place, during which the company raised 49.2 bn KZT, which amounted to 76 % of the offered volume of common shares on the local market.

As of January 1, 2025, there were 758 corporate securities from 262 issuers on KASE trading lists. As of January 1, 2025, the Central Depository maintained 3.5 mln accounts, including 685 thou. personal accounts and 2.8 mln brokerage accounts registered through omnibus accounts. For comparison, as of January 1, 2024, there were about 693 thou. personal accounts and 1.7 mln omnibus accounts.

In 2024, securities of 32 new issuers underwent the listing process: one in the stock sector, two in the KASE Global sector, 41 in the corporate bonds sector and one in the derivatives sector.

# KASE GROUP'S STRATEGIC REPORT

## **KASE Group Development Strategy for 2022-2024: Achievements and Results**

In 2024, KASE Group completed the implementation of the Development Strategy for 2022–2024, which became a time of active growth, large-scale transformations and strengthening of KASE Group's position as a key element of Kazakhstan's financial infrastructure. Among the ambitious goals of the strategy were increasing liquidity, expanding opportunities for investors and issuers, developing the market infrastructure, digitalization and implementing ESG standards.

Throughout the years, KASE has made notable strides in enhancing liquidity within the stock markets by implementing new instruments, mechanisms, and initiatives. This has led to a rise in trading volumes, broadened the spectrum of available financial instruments, and attracted new investors and issuers. Over the past three years, trading volumes across all markets have increased by 2.2 times, totaling 389.1 trillion KZT by the end of 2024, which is 2.9 times greater than Kazakhstan's GDP. The number of transactions has grown by 3.2 times, reaching 2.4 mln transactions, while the equity market capitalization has increased by 14.3 %, totaling 32.9 trillion KZT.

As of January 1, 2025, KASE Index was 5,578.10 points, showing a 52 % increase since the beginning of 2022. The average daily trading volume over three years increased 2.2 times, reaching 1.6 trln KZT. The number of issuers on KASE increased by 14.9 % to 262, and the number of members of the Exchange increased to 51.

IPOs and SPOs of major Kazakh companies have become noteworthy milestones in the strategy. One of the largest IPOs in recent years was that of National Company "KazMunayGas" JSC in 2022, which raised 137.5 bn KZT on Kazakhstan Stock Exchange, making up 89 % of the overall volume of the investor orders executed. In 2023, shares of KEGOC JSC were launched, raising 18.7 bn KZT, which represented 82.4 % of the total offering. In 2024, Air Astana JSC conducted its IPO on KASE, raising 49.2 bn KZT, or 76 % of the overall offering volume.

KASE also actively developed its clearing infrastructure, increasing the reliability of settlements and the efficiency of operations. In 2022, the Central Counterparty KACC was created, which in 2023 received licenses for clearing and for certain types of banking operations. In 2024, the consolidation of clearing functions was completed with the



transfer of settlements on the foreign exchange and derivatives markets. KACC received an A+ rating with a positive outlook and joined CCP Global.

A significant step was the cooperation with the "Damu" Entrepreneurship Development Fund, which allowed small and medium-sized enterprises (SMEs) to raise financing on more favorable terms. In 2024, 5 issuers were attracted with a subsidized coupon rate in the amount of 13.6 bn KZT. More than 60 consultative meetings and round tables for entrepreneurs took place.

KASE continued to expand its liquidity enhancing instruments and launched trading in ESG instruments, foreign securities, general collateral certificates and new currency pairs. These initiatives significantly increased liquidity in various market segments.

Special focus was on the development of the government securities market, encompassing the launch of new indices and indicators, along with the establishment of a system to evaluate the performance of participants via primary dealers, which enhanced the market's transparency and efficiency.

Ongoing efforts in ESG financing have enabled the engagement of new investors who are interested in making long-term commitments to environmentally sustainable initiatives. To facilitate investor access, the option for trading through omnibus accounts has been implemented, and the "Private Placement" market for qualified investors has been launched.

KASE has been actively engaged in attracting foreign investors by taking part in global events and revising its Membership Regulations to enhance the market structure and minimize risks. These initiatives have led to an upgrade of Kazakhstan's stock market to the Emerging Market category, facilitating the involvement of global institutional investors.

A notable accomplishment was the acknowledgment of KASE by the European regulator ESMA for its transparency in post-trade information, which boosted foreign investor confidence. In 2024, KASE and KACC also entered the digital exchange realm of Tabadul Hub, broadening the international connections and opportunities available to the Kazakh exchange.

**In 2024, several initiatives were undertaken as part of the strategic goal of "Improving liquidity in stock markets":**

***Carrying out the IPO of Air Astana JSC***

In 2024, Air Astana JSC made history as the first company in the air transportation sector to go public by offering common shares on KASE.

Air Astana JSC conducted its initial public offering on three markets at once: Kazakhstan Stock Exchange (KASE), London Stock Exchange (LSE), and Astana International Exchange (AIX), successfully raising 167.3 bn KZT (about 370 mln USD), with 58 % of this amount coming from the domestic market.

Kazakh investors acquired securities of Air Astana JSC valued at 97 bn KZT (around 215 mln USD), with 53 % purchased by individuals and 47 % – by institutional investors. 51 % of the volume offered to Kazakh investors was executed on KASE.

During the IPO, KASE reaffirmed its role as a platform capable of attracting and fulfilling the interests of a diverse range of investors. After the public offering on KASE, the issuer executed orders for the purchase of 45.8 mln shares at a price of 1,073.83 KZT per share. The total amount of money raised on KASE reached 49.2 bn KZT (approximately 108.9 mln USD), representing 76 % of the total amount of common shares offered in the domestic market. Securities valued at 24.3 bn KZT, accounting for 49.4 % of the total offering volume on KASE, were allocated to individual accounts, while the volume of executed orders from institutional investors was 24.9 bn KZT, making up 50.6 % of the offering volume.

As part of the airline's IPO, by the time the book closed on KASE, almost 37 thou. orders for 120.6 bn KZT (equivalent to 266.8 mln USD) were active. The volume of demand exceeded the volume of common shares offered for placement on KASE by almost 2.5 times.

On February 9, trading in shares of Air Astana JSC commenced in the premarket for the first time ever in the history of Kazakhstan's capital market. During the premarket session, 974 transactions were executed, totaling a volume of 409 mln KZT on KASE.

KASE played a key role in the successful IPO of Air Astana JSC and in the marketing activities. A meeting of the company's management with potential investors was held on February 2, 2024 at KASE as part of the roadshow.

The market open ceremony for common shares of Air Astana JSC took place on February 15, 2024, simultaneously on KASE and AIX in the mutual broadcast mode. As of March 1, 2024, common shares of Air Astana JSC were included in the calculation of KASE Index's representative list.

### ***Launch of trading in new financial instruments on the swap market***

Since September 9, 2024, a new financial instrument has become available for trading in the SWAP market for the EUR/USD currency pair. Participating in trading using EUR/USD swaps allows participants to either earn or pay interest depending on their position and the difference in interest rates, utilize swaps as part of hedging or arbitrage strategies, and incorporate swaps into more intricate strategies such as carry trade. From the opening of trading until the end of 2024, the total transaction volume for these financial instruments reached 265.3 mln USD.

Furthermore, for financial instruments in the SWAP market related to swap transactions involving the euro, ruble, and yuan, the method for calculating the opening price has been modified (previously based on the weighted average price for T+0 settlement transactions, it is now based on the weighted average price for T+1 settlement transactions as of September 9, 2024), since the majority of trading activity occurs on instruments with T+1 settlements, where the market price is established.

### ***Launch of securities lending/borrowing operations***

As of December 30, 2024, repo transactions with a negative rate were launched, enabling trading participants to execute lending and borrowing activities involving government securities (Securities Lending and Borrowing – SLB). By lending securities, a trader earns interest (or a fee) from the borrower. This creates an opportunity to generate income from assets that are otherwise inactive in trading. Borrowing securities enables traders to establish short positions, which assists in risk management or capitalizing on declining asset prices.

### ***Calculation of market prices according to the new KASE methodology***

In 2024, KASE began calculating market prices of securities in accordance with a new KASE document, "Methodology for calculating securities' market prices".

In accordance with established practice and some regulatory norms, securities holders often use prices calculated by the Exchange to value their portfolios.

The calculation of market prices is based solely on the parameters of orders and transactions on securities and includes tools to reduce the risks of manipulation of these prices and is carried out only for Kazakh securities with the main listing on the Exchange. If the parameters (orders and transactions) are insufficient for the assessment, market prices are not calculated.

### ***Implementation of indices and indicators***

By the end of 2024, KASE calculated 33 stock indices and indicators of the money and stock markets, which demonstrate to investors and analysts the changes taking place in a certain segment of the securities market and increase the recognition of the stock market of the Republic of Kazakhstan around the world.

In 2024, the Exchange began calculating and publishing a series of ESG Indices that reflect changes in the value of sustainable development bonds aimed at financing environmentally and socially significant projects. The ESG Indices series includes a clean price index, a "dirty" price index (which takes into account accrued coupon interest, reinvested coupon), a yield indicator and the duration of the ESG Bond Index. The launch of the calculations of the ESG Bond Indices is aimed at developing the ESG market in accordance with global trends in the field of the "green" economy.

During the reporting period, the Exchange also launched the calculation and publication of a series of indices for the government securities market with the fixed list KZGB\_m1m (more than one month), which includes the index of "clean" prices, the index of "dirty" prices (accounting for accrued coupon interest and reinvested coupons), as well as indicators for yield, duration, and modified duration. Additionally, the Exchange commenced the calculation and publication of a composite index for the money market and GS market, named MBM\_index (Money and Bond Market Index). This index represents the dynamics of the benchmark portfolio, with a share of 25 % for the money market (TCI) and 75 % – for the total income index (KZGB\_m1m). The composite index MBM\_index was developed upon the Bank's recommendation as part of the initiative to enhance the securities market and transfer assets from the Bank's trust management into a competitive environment.

### ***Joining the Tabadul platform***

In 2024, KASE joined the international trading platform Tabadul Hub and became the sixth stock exchange to join Tabadul.

In August 2024, KASE and KACC officially signed an agreement on working in the Tabadul Exchange Hub, which was launched by ADX in July 2022 as the region's first digital exchange operating on a mutual market access model.

Tabadul facilitates the development of capital markets by providing investors with seamless access to trading opportunities on member exchanges through accredited local brokers.

This initiative improves liquidity, market access and investment diversification, and strengthens links between regional markets.

KASE's partnership with ADX will help increase liquidity and improve the investment climate by opening access to Kazakhstan's financial instruments for global investors and providing Kazakh investors with access to trading foreign securities on international markets through Tabadul Hub.

This cooperation opens up new opportunities for cross-exchange trading between the participants and strengthens the strategic partnership.

As part of the implementation of this project, all necessary work on technical connection to the Tabadul system, scheduled for early 2025, updating internal normative documents and business processes, as well as coordinating interactions with the Central Depository and the regulator, was successfully completed.

The cooperation provides unique opportunities for cross-border trading, strengthening the strategic partnership between KASE and ADX, as well as other exchanges participating in the platform.

As of the end of the reporting year, Tabadul Hub members included ADX, Bahrain Bourse Stock Exchange, Muscat Stock Exchange, Central Asian Stock Exchange, Amman Stock Exchange, Astana International Stock Exchange and Armenia Stock Exchange.

## **ESMA**

In 2024, the European Securities and Markets Authority (ESMA) recognized KASE as one of the third-country trading platforms that comply with transparency standards for post-trade information under the European regulations MiFID II/MiFIR (Markets in Financial Instruments Directive/Regulation).

Receiving this status confirms KASE's compliance with high European standards of transparency and allows European investment companies concluding transactions on KASE to be exempt from additional mandatory reporting on such transactions in accordance with MiFIR. This step significantly increases the attractiveness of Kazakhstan's market for European investors and contributes to further growth of liquidity on the Exchange.

### ***Development of the derivatives market***

The development of the derivatives market has a number of potential benefits, including increased liquidity, a wider range of investment opportunities, reduced risks and the attraction of new participants. Achieving these goals requires a systematic approach and ongoing efforts by the Exchange and all market participants.

During 2024, the Exchange worked actively to create conditions for increasing liquidity in the derivatives market, focusing on expanding the number of new participants and attracting market makers. In addition, as part of increasing knowledge about the derivatives market, a number of educational programs and seminars at Kazakhstan's leading universities and consultations for market participants were organized. In cooperation with brokerage companies, KASE held training events for retail investors and developed special materials for novice investors.

In 2024, new futures on ETF securities were launched in the derivatives sector. Non-deliverable futures on the USD/KZT exchange rate, RUB/KZT exchange rate, KASE Index, as well as on shares of Halyk Bank of Kazakhstan JSC and NAC Kazatomprom JSC are still available for trading.

In 2024, as a part of the initiative to attract market makers a contract was signed with SQIF Capital JSC, which undertook commitments to promote futures on the USD/KZT, RUB/KZT exchange rates. At present, three market makers are fulfilling their roles on the derivatives market: Halyk Finance JSC – on common shares of Halyk Bank of Kazakhstan JSC, NGDEM Finance JSC – on KASE Index futures, and SQIF Capital JSC – on currency futures.

Despite the fact that volumes remain insignificant, the Exchange continues to actively develop the derivatives market. In the new horizon, the Exchange, together with market participants, will work to improve the risk management system and strengthen the market maker institution, gradually expanding the range of trading instruments.

### ***Training, consulting, market promotion***

KASE attaches great importance to expanding knowledge in the field of financial services and promoting financial literacy among all stakeholders. In 2024, the Exchange continued to conduct educational programs aimed at issuers, investors, students and media representatives.

In 2024, KASE implemented a number of initiatives aimed at attracting retail investors to the stock market and increasing the level of financial literacy. In order to increase public awareness of exchange instruments, a comprehensive training program "My Portfolio on KASE" was organized together with brokerage companies. The course covered topics such as: "Introduction to the Securities Market", "Selecting Stocks", "Selecting Bonds", "Investment Funds (Unit Investment Trusts and ETFs)", "Basics of the Derivatives Market" and "Formation of an Investment Portfolio".

In October 2024, the Exchange organized a fair of Kazakhstan's brokers "KASE FEST", which was held at leading universities of Astana, Pavlodar and Almaty. The event was timed to coincide with the annual program World Investor Week 2024, initiated by WFE.

The annual Retail Investor Competition in the Stock Market was held from October 21 to November 21, 2024. The event was aimed at popularizing stock exchange trading in Kazakhstan. Individuals who are clients of brokerage companies – members of KASE stock market took part in the competition. The list of financial instruments available to competition participants included KASE Index shares and KASE Global sector shares. More than 100 retail investors took part in the competition. As a result of the competition, its participants concluded 2,942 transactions, and the maximum yield received was over 117 %. Three winners of the competition, who received the maximum yield from transactions with shares during the competition period, were awarded valuable prizes.

Another project of the Exchange aimed at attracting potential investors to the stock market is the "Stock Exchange Simulator" Competition – a student project held by the Exchange twice a year since 2008. During the competition, at the start of trading project participants are provided with a portfolio (a virtual set of financial instruments/shares) with a face value of 1 mln KZT. The main task of the "Stock Exchange Simulator" participants is to form the best investment portfolio.

As part of the global project Global Money Week, aimed at improving the financial literacy of children and young people, the Exchange held webinars "5 steps to investing" and "Taxation and declaration of securities".

#### *Training programs for companies*

The Exchange pays special attention to training programs for companies. During 2024, the following trainings were conducted with the support of experts:

- webinar "KASE Opportunities for Business" at the Atameken platform for entrepreneurs in Shymkent, during which speakers talked about stock market

instruments for businesses, their types and advantages, and about government programs to support small and medium-sized businesses when they enter the stock market;

- training "Basics of the Stock Market" for legal entities at the invitation of Zhasyl Damu JSC, during which KASE speakers explained to the invited guests the advantages of the stock market, told about the differences between financial instruments, risks in financial markets, as well as investment strategies;
- webinars "Issuing Green Bonds" jointly with PWC, "Preparing Reports in Accordance with ESG Principles" jointly with KPMG, "Macroeconomics for Investors" jointly with AERC, "Futures in Simple Terms", "Improving Investor Relations: Advanced Strategies for Listed Companies in Kazakhstan".

In 2024, KASE employees took part in the business brunch "Green Horizons: Entrepreneurship and Sustainable Development in Kazakhstan", during which they shared KASE's experience in building sustainable financing in Kazakhstan, and in the forum of credit unions, where information on opportunities in the stock market was presented.

Together with the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, a webinar was held on the topic of "Disclosure of information by issuers on the stock market", during which experts shared information on the rules and procedure for disclosing information, emphasizing that this is a necessary condition not only for a successful offering of securities, but also for maintaining liquidity in the process of further circulation on the stock market, and a webinar on listing procedures on KASE, approaches to building an effective corporate governance system in small and medium-sized businesses and on government support measures for the development of the stock market.

On an annual basis, KASE takes part in the international project Global Money Week. Thus, in March 2024, the Exchange, as part of the presented project, held a webinar "5 steps from savings to investments", where information about the advantages of investing in Kazakhstan's securities market was presented to beginning investors.

#### *PR events*

The Exchange aims to actively and effectively interact with the media for sharing information with its partners and stakeholders. On an annual basis, KASE holds events



aimed at disclosing information about the situation on the exchange market and the financial instruments traded on it, the Exchange's initiatives, as well as trends in the world markets.

As part of the implementation of the UN Sustainable Stock Exchanges Initiative, in 2024 the Exchange for the seventh time held the market open ceremony Ring the Bell for Gender Equality, which included a discussion on the topic "Invest in Women: Accelerate Progress". This event is organized to draw the global community's attention to the prospects for the development of gender inclusiveness and support for gender equality in the context of sustainable development policies and ESG principles.

In order to raise awareness of activities of KASE's exchange market, as well as to cover stock market events, the Exchange continued to broadcast the news program "KASE Stock Exchange News" on the radio station "Business FM". To promote the KASE brand, the Exchange continues to regularly produce digital content on social networks: LinkedIn, Facebook, Instagram, Telegram.

With the support of KASE, the annual 11th CFO Summit Idea Exchange & Networking Event was held in Almaty for top managers of the financial market, during which the Chairperson of KASE's Management Board Alina Aldambergen spoke on the topic "The Role of Banks in the New Kazakhstan".

In September, KASE held a football tournament in Almaty among issuers, members and partners of the Exchange. A total of 26 teams from the National Bank of the Republic of Kazakhstan, ARDFM, Central Securities Depository JSC, Industrial Development Fund JSC, Freedom Holding, as well as banks and microfinance organizations took part in the competition.

## **Strategic direction 2. Development of the CCP as a key infrastructure element**

The institution of the central counterparty has been implemented and is effectively functioning in all markets on KASE: the stock market, money market and derivatives market. KASE gradually implemented the CCP in all of its markets: in the derivatives market in 2012, in the foreign exchange market in 2018, in the stock and money markets in 2019-2020.

The launch and development of central counterparty services on all KASE markets ensures a reduction in the credit risk of participants, guarantees the completeness of settlements on transactions, and reduces transaction costs of participants through cross-

margin and netting. The CCP service allows for providing investors with guarantees of the timely receipt of assets under transactions, implementing risk management and adequate assessment of instruments in real time.

In 2022, work began on spinning the central counterparty functionality off as a standalone organization. The Exchange's Board of Directors decided to establish KASE Clearing Centre JSC by reorganizing the Exchange's 100 % subsidiary, eTrade.kz LLP. On June 21, 2022, the Clearing Centre was registered as a legal entity – a 100 % subsidiary of KASE.

In preparation for the transfer of clearing and settlement functions, the Clearing Centre has implemented the necessary processes and established business relationships with financial institutions that make up the market infrastructure and are its users, trained staff and carried out the handover of assets, developed and approved internal regulatory documents, and received the following licenses from the authorized body for regulation and development of the financial market:

- 1) to carry out clearing activities for transactions with financial instruments in the securities market (license No. 3.1.8.2 dated July 21, 2023);
- 2) to conduct banking operations in national and foreign currencies (license No. 4.3.22 dated August 28, 2023).

The Exchange handed over functions to the Clearing Centre in two stages:

1. On September 25, 2023, the Exchange transferred clearing and settlement functions, as well as central counterparty functions in the stock market to the Clearing Centre.
2. On June 3, 2024, the Exchange transferred its clearing and settlement functions, as well as central counterparty functions in the currency market and derivatives market to the Clearing Centre.

The division of functions of the stock market infrastructure was carried out in order to create attractive conditions for investors when they conduct operations on the organized market, attract foreign investors, expand opportunities for providing services on other exchange markets in Kazakhstan and the region, and divide the risks of infrastructure organizations.

The Clearing Centre is actively improving its activities in order to bring them into line with the best international business practices and to gain international recognition.

Thus, in January 2024, KASE Clearing Centre successfully passed a validation of risk models, conducted by a recognized expert in this field, the French company Zeliade Systems, for compliance with the standards of European legislation on central counterparties – European Market Infrastructure Regulation (EMIR).

As part of improving the risk management system, the Clearing Centre introduced a number of innovations in accordance with the best business practices and recommendations of Zeliade Systems, which carried out the validation of risk models:

- when calculating the size of clearing funds, wrong way risk and affiliation of clearing participants, as well as a portfolio approach when assessing extreme conditions and individual contributions of clearing participants to the guarantee funds were taken into account,
- the model structure of the T+ list and the T+ collateral list has been implemented,
- stress collateral has been introduced to control the risk of procyclicality,
- a portfolio approach for calculating risk parameters has been introduced.

In December 2024, the British consulting agency Thomas Murray conducted an operational risk assessment of KASE Clearing Centre. Based on the assessment results, KASE Clearing Centre was assigned an operational rating of "A+" with a "Positive" outlook. Also in December 2024, Thomas Murray conducted an assessment of KASE Clearing Centre for CPMI-IOSCO PFMI compliance.

The Clearing Centre actively establishes business relations with foreign CCPs and international central depositories. Thus, the Clearing Centre joined the international association of CCPs – CCP Global, which unites 40 members operating in the financial markets of America, Europe, the Middle East, Africa and the Asia-Pacific region. The Clearing Centre held a number of meetings with international central depositories – Euroclear and ClearStream, in order to study their experience and the possibility of opening accounts.

### **Strategic direction 3. Implementation of innovations and technological modernization**

In line with the execution of the Strategic Direction titled "Implementation of Innovations and Technological Modernization", the goals of the three-year strategy were categorized into:

- ensuring fault tolerance and testing the backup solutions;
- certification according to ISO standards;
- modernization of the data storage and launch of a new DWH;
- launch of a modernized back office with updated interfaces;
- transition to the MX payment format under ISO 20022;
- focus on innovations and advanced technologies;
- implementation of the Exchange's service portal;
- launch of the Exchange's new website.

To guarantee fault tolerance and evaluate backup solutions, the Exchange undertook efforts to enhance the robustness of its systems, improve the availability of exchange services, and ensure the continuity of its operations. As part of these initiatives, a considerable technological upgrade of the Exchange's entire IT infrastructure was implemented, impacting both physical and virtual support systems.

Since January 2024, all databases, productive environments of KASE's information systems have been operating in the metrocluster. These are more than 50 different information systems (including back-office, integration, auxiliary and systemic information systems).

In 2024, KASE and KACC successfully passed the audit and certification according to international standards ISO 9001 and ISO 27001.

The ISO 9001:2015 certificate demonstrates the presence of a long-term strategy in activities of the Exchange and the Clearing Centre and a systematic approach to fulfilling obligations to clients and stakeholders. The requirements of the ISO 9001:2015 standard cover the requirements for the main processes of the organization (planning, design and development, procurement, preparation, provision of services, control), auxiliary processes (personnel management, knowledge management, infrastructure maintenance) and management processes (strategic planning, goal setting, project management, continuous improvement process).

KASE Group adheres to the principle of continuous improvement of business processes and implementation of innovative solutions, providing market participants with reliable and effective solutions aimed at increasing operational efficiency, reducing risks and improving interaction with stakeholders.

The ISO 27001 certificate confirms the high level of organization of the information security management system of the Exchange and the Clearing Centre, including internal policies in the field of information security, management of means and measures of control to ensure information security, regular monitoring of threats and actions to respond to risks and opportunities. Ensuring the information security according to the ISO 27001 standard gives confidence in the safety of data, protection of information of market participants and guarantees the integrity, confidentiality and availability of information assets in accordance with the established policies of the Exchange and the Clearing Centre.

One of the significant technological steps was the modernized data warehouse (DWH), which included a transition to the latest technology stack. This allowed for a significant increase in productivity, improved security, and expanded analytical capabilities both within the Exchange and in interactions with regulators.

During the modernization, special attention was paid to improving the Data Quality, which ensured more accurate and standardized work with information. These changes not only increased the efficiency of internal analytical processes, but also allowed the creation of new mechanisms for interaction with key financial institutions.

One example was the development of digital showcases for data exchange with the National Bank of Kazakhstan. Now information is transmitted in a more structured and operational format, which significantly improves the quality of analytics and increases the transparency of regulatory processes.

An important stage of technological development was the transition to **a new modernized back office**, designed on a microservice architecture. This step provided the Exchange with a technologically relevant platform, providing modern methods of integration with external IT platforms, high scalability and speed of operations.

In addition to internal technological improvements, a complete interface redesign was performed, which significantly increased the usability of the system and simplified interaction with data. The new back office operates in close integration with the modernized data warehouse, which significantly accelerates the receipt of analytical data and increases the efficiency of the company's operational processes.

In 2024, KASE, together with KACC, made the transition to the new MX payment format within the framework of ISO 20022. This step made it possible to unify the processes of

exchanging financial data, increase the transparency of settlement transactions and speed up their processing.

The new standard provides for a more detailed and standardized exchange of payment details, which significantly improves the integration of exchange settlement systems with international financial institutions. The implementation of this project has become an important stage in the development of Kazakhstan's financial infrastructure and has led to an increase in the efficiency of settlement mechanisms.

In 2024, KASE placed a strong emphasis on developing innovative solutions aimed at improving operational efficiency and exploring new technological capabilities. Particular attention was paid to researching and launching pilot projects using artificial intelligence (AI), which allowed testing the automation capabilities of complex analytical processes and data processing.

Additionally, projects were initiated to automate routine operations using RPA (Robotic Process Automation), which in the long term should lead to optimization of internal processes and a reduction in the workload of operational units. This will free up resources for more complex analytical tasks and increase the speed of standard operations.

Another area of analytical work was the study of the prospects for the transition to a hybrid architecture using cloud technologies. In 2024, studies were conducted on the possibilities of integration with Amazon AWS, Microsoft Azure and Google Cloud, which in the future may allow KASE to expand its IT infrastructure, increase its flexibility and scalability.

Thus, in addition to the key technological achievements of 2024, the Exchange has been actively working towards the implementation of advanced technologies, which lays the foundation for the further development of innovative solutions and digitalization of exchange processes.

In December 2024, KASE launched a new version of its official website. KASE's new website has become even more dynamic and user-friendly. Its main advantages are modern design, improved navigation and high information content. The website is available in adaptive versions (stationary, tablet and mobile versions) in Kazakh, Russian and English.

During the development of the new version of the website, the following solutions were implemented:

- the design of the pages is developed in accordance with the main UI principles (User Interface) and UX (User Experience);
- the main page of the website has been improved by optimizing the elements already in use and adding new ones (ergonomic slider, adding "Call-to-action" buttons for going to the internal pages of the website, etc.);
- the website menu has been optimized and navigation through sections has been improved in order to facilitate the process of user interaction with the information of interest;
- internal "cross-linking" (links to other pages of the website) has been implemented, allowing the user to build a consistent route through the sections of the website;
- the content of the landing pages has been updated and adapted to the needs of each category of users (investors, issuers, trading participants, subscribers to market data) in order to increase the information content of the website;
- additional functionality has been added (checklist for potential listed companies, filters in the section with financial instruments, news, etc.);
- Trading View chart library has been updated.

KASE's corporate website continues to be one of the tools for increasing the customer focus of the Exchange and its services, serving as the main source of information about Kazakhstan's stock market, activities of the Exchange, its members, listed companies and financial instruments.

In 2024, the Exchange launched a new product, the Service Portal, which is supposed to combine all exchange services provided to members of the Exchange and issuers. The first releases included trading, clearing and listing services that were not previously automated on other resources of the Exchange. In 2024, exchange certificates, reports and clearing services became available to members of the Exchange in the Service Portal, and the listing procedure is available to issuers as an alternative platform for accepting documents.

In the years 2025-2026, it is anticipated that the capabilities of all online exchange systems will be migrated to the Service Portal platform, and all engagements with market participants will be consolidated into a single product.

The Service Portal will serve as a unified hub for communication between the Exchange and its counterparties regarding all matters related to the Exchange's products and services, ensuring the quickest and most user-friendly interface for collaboration with partners across all markets.

The introduction of the Service Portal represents a crucial step for the Exchange, designed to enhance customer service quality, streamline internal operations, and reinforce competitive strengths. Establishing a single point of contact for interactions will greatly enhance the customer experience, boost work efficiency, and support sustainable business development.



## **Strategic Direction 4: Increasing Value for Stakeholders**

Exchanges around the world are implementing strategic initiatives aimed at enhancing their value for all key stakeholders — shareholders, issuers, investors, brokers, regulators, and society. Key areas encompass the development of infrastructure and technology, enhanced liquidity, diversification of product range, more favorable conditions for issuers, better market accessibility for investors, adherence to regulations and risk management, along with the introduction of innovative business models. In addition, a vital focus is on boosting corporate governance and streamlining internal business processes.

As part of KASE Group's Development Strategy for 2022–2024, increasing the value for stakeholders has become one of the most important areas, involving improved corporate governance, transparency and operational efficiency.

Over the last three years, KASE has consistently adopted advanced practices in corporate governance, which has greatly enhanced the effectiveness of its internal processes. The Exchange has also incorporated sustainable development principles into its operations, continuously implementing the ESG agenda.

During the reporting period, the methodology for management reporting was revised to align with international standards, and new contemporary approaches to project evaluation were introduced, focusing on profit margins and long-term sustainability. In 2024, the Exchange further implemented methods to evaluate the economic efficiency of projects by considering the minimum required return on capital and utilizing benchmarks, allowing for an objective analysis of KASE's market position and future prospects.

In 2023, KASE endorsed a new Dividend Policy adapted to international capital and asset adequacy standards. In the reporting year, changes were made to improve it. As a result, a significant event in 2024 was the decision of the General Meeting of Shareholders to pay dividends for 2023 for the first time under the new Dividend Policy in the amount of 9.26 bn KZT, which confirms the stability of the Exchange's financial model and its ability to provide sustainable income for shareholders. Dividends per ordinary share amounted to 8,611.30 KZT.

An important step in expanding the regional presence was the strengthening of the activities of the Exchange's office in Astana, aimed at enhancing interaction with market participants and government agencies.

In 2024, KASE continued to automate and digitalize its internal processes, which increased operational efficiency and the quality of data management. The priority task was to fully synchronize business processes and internal documents within KASE Group, consisting of Kazakhstan Stock Exchange JSC and KASE Clearing Centre JSC. Work in this direction will continue.

With the attainment of historically record market and financial indicators, the outcomes of the 2022–2024 strategy implementation have established a solid basis for future growth and marked a significant milestone in KASE's development. KASE Group will continue to develop corporate governance, apply innovative technology and assure high quality of exchange and clearing services, providing sustainable value for all stakeholders.

## **KASE Group's Development Strategy for 2025–2027**

A new Development Strategy for 2025–2027, created with the active involvement of the Group's management and staff, was approved by the Boards of Directors of KASE and KACC in December 2024. The strategy is focused at ensuring the Group's leading positions in the Central Asian exchange markets by growing the variety of exchange and clearing services, high customer attention and professionalism of the Group's workforce. The new strategy's top targets are enhancing KASE's position in the Central Asian financial markets, modernizing the IT infrastructure, growing the core business, and expanding the product portfolio.

The expansion of important businesses, the introduction of new goods and services, and the enhancement of IT infrastructure will be the primary focuses of the strategy.

According to the new strategy, KASE Group will concentrate on preserving its market leadership positions, boosting the liquidity of stocks, government securities, and international stock markets by drawing in new issuers and investors, and further broadening the selection of exchange products while keeping up with emerging trends.

Launching KASE Clearing Centre JSC, a new infrastructure organization for Kazakhstan's capital market, was one of the strategy's major successes. The new infrastructure organization illustrates the strengthening and increase of liquidity of the domestic stock market, creates chances for delivering services on the over-the-counter and exchange markets of the region, and helps attract overseas investors. The Clearing Centre will also continue to align company procedures with the highest global standards and best practices in order to achieve recognition on a global scale.

As a guarantee of the openness, dependability, and effectiveness of the growth of the financial industry overall, KASE Group will keep building a universal domestic exchange infrastructure. Companies in KASE Group have passed certification of business processes for compliance with ISO 9001 and 27001 standards, been recognized by European regulation in the area of information disclosure, obtained an operational rating of level A+ for the Clearing Centre, and verified adherence to the association of financial regulators' (PFMI IOSCO) principles for financial market infrastructures.

KASE Group will seek to improve rating evaluations, raise Kazakhstan's stock market's standing in international classifiers, and fully adhere to international standards within the parameters of the new strategy.

To implement the set tasks, KASE Group will work on further development of IT infrastructure, such as technological modernization and innovative development, as well as increasing the efficiency of IT services. It is also planned to carry out R&D projects to develop and test innovative solutions using AI, Cloud and Blockchain.

KASE is essential to the development of sustainable finance in the domestic stock market and the promotion of ESG information disclosure guidelines. As a testament to the Exchange's dedication to supporting the global shift to carbon neutrality and the development of a sustainable financial infrastructure, KASE joined the Net Zero Financial Services Providers Alliance in November 2024. The creation of instruments and guidelines for the open disclosure of carbon emissions data, the encouragement of ESG finance, and the mitigation of the Exchange's own carbon footprint will be among the main focuses of KASE's efforts within the alliance.

Within the framework of the Development Strategy for 2025-2027, KASE Group will continue to pursue its mission to develop the exchange infrastructure as a guarantor of transparency, reliability and efficiency of the development of Kazakhstan's financial sector.

## **Implementation of sustainable development principles**

### **Approach to Sustainable Development Management**

KASE Group strives to integrate international standards and best practices of sustainable development into its activities, considering this a necessary condition for the stable, responsible and ethical operation of financial markets, contributing to economic growth and improving the well-being of society.

KASE adheres to the principles of sustainable development proclaimed by the World Federation of Exchanges (WFE), including:

- raising awareness among market participants about the importance of sustainable development;
- expanding investors' access to high-quality ESG information useful for making investment decisions;
- interacting with stakeholders to promote sustainable finance principles;
- development of financial instruments aimed at supporting sustainable projects and reorienting capital flows;
- implementation of effective internal policies, management processes and operational standards in the area of sustainable development.

The Exchange actively integrates ESG principles into strategic planning, corporate governance, internal processes and policies, and promotes their implementation among issuers.

KASE Group's Sustainable Development Policy was updated in 2024, outlining the key elements of the sustainable development system. These include naming the primary areas of activity in the field of sustainable development, establishing goals and objectives in this area, defining and systematizing the general principles of activities in the field of sustainable development of KASE Group organizations, and reaffirming commitment to the fundamental standards and principles in the field.

### **Sustainable Development Management System**

Based on a list of important ESG themes, KASE Group actively manages its sustainability elements and routinely evaluates the opportunities and risks involved. The Management Board creates and carries out the sustainability agenda, providing frequent updates on

its progress, while the Board of Directors supervises the incorporation of ESG principles into the Group's operations.

A working group on sustainable development was established during the reporting year and is still active within KASE Group. Its duties include:

- development of an annual action plan for the main areas of sustainable development and indicators for their implementation;
- establishing performance goals for KASE Group organizations in important areas of sustainable development;
- organizing KASE Group's activities in carrying out the action plan in the field of sustainable development;
- creating an annual action plan for the primary areas of sustainable development and indicators for their implementation;
  - frequent updates on the accomplishment of ESG goals and targets to management bodies.

KASE Group's sustainability management system is continuously being enhanced while taking into consideration stakeholder viewpoints, regulatory requirements, best practices for sustainable development, and the Group's overall development goal. KASE Group's 2024-2026 Roadmap for Sustainable Development was approved in 2024 and includes actions to raise the company's ESG profile, encourage sustainable development in its markets, participate in global projects, and support the climate agenda.

### **Commitment to the UN Sustainable Development Goals**

As a member of the UN Sustainable Stock Exchanges initiative since 2015, the Exchange has continuously helped to achieve the 17 interconnected Sustainable Development Goals, which are meant to inspire action that will help eradicate poverty, safeguard the environment, enhance people's quality of life, and improve opportunities for people everywhere.

Having analyzed all aspects of its activities and the external environment in which the Exchange conducts its business, KASE has identified a list of relevant Sustainable Development Goals (SDGs) to which the Exchange seeks to contribute.

### **Respect for human rights**

The UN Guiding Principles on Business serve as the foundation for KASE Group's operations, which also adhere to relevant human rights laws. Our human rights commitments are underpinned by the International Charter of Human Rights and the principles on rights, as stated in our Human Rights Statement adopted in 2024.

KASE Group respects and actively promotes the human rights of all employees and persons providing services on a paid basis. The Exchange is categorically against any form of forced and child labor, as well as discrimination, supports diversity, gender equality and inclusion. We value cultural and personal differences among our employees and partners.

KASE actively promotes the values of equality and inclusion, including implementing programs on gender equality and inclusion. We strive to ensure access to our products and services for users with disabilities, promote gender balance among employees and in the business environment as a whole. As part of the UN global initiative "Sustainable Stock Exchanges", the Exchange annually holds the market open ceremony on the eve of International Women's Day, drawing attention to the prospects for the development of gender inclusiveness. More than 100 exchanges around the world support this initiative.

The global partners of this event are the International Finance Corporation (IFC), the UN Global Compact, UN Women and the World Federation of Exchanges (WFE). A discussion themed "Invest in Women: Accelerate Progress" was held during the traditional market open ceremony "Ring the Bell for Gender Equality" on KASE on March 6, 2024.

## **Contribution to the fight against climate change**

KASE Group actively supports Kazakhstan's fulfilment of its carbon neutrality commitments adopted as part of its participation in the Paris Agreement. We aim to implement measures to reduce our own carbon footprint, develop the carbon units market and increase the volume of investments in climate projects of the Exchange's listed companies.

One of the most important 2024 events was KASE's joining the international *Glasgow Financial Alliance for Net Zero* (GFANZ), the largest global financial institutions' initiative dedicated to achieving the climate goals. As part of this accession, as well as within the framework of *Net Zero Financial Services Providers Alliance*, KASE has committed to reducing the carbon emissions and developing the recommendations for climate disclosure by market participants. The Exchange also adopted a plan to reduce operational emissions and engage with the stakeholders.

In 2024, KASE developed a methodology for calculating the greenhouse gas emissions, which will become the basis for measuring and analyzing the current level of emissions with the aim of their subsequent reduction. The methodology is based on an internationally recognized standard *GHG Protocol*, which establishes principles, methods and requirements for calculation and disclosure of information on greenhouse gas emissions.

Active participation in international initiatives such as GFANZ will enable KASE to make a significant contribution to development of sustainable financial instruments and support for transition of Kazakhstan's economy to carbon neutrality.

## **ESG disclosure by issuers and ESG products**

KASE is one of 73 exchanges that are members of the UN's Sustainable Stock Exchanges Initiative, which have developed guidelines for sustainable development disclosure. The methodology was first released back in 2016 and was updated in 2018 with support of IFC. Now the provisions of this methodology have been transferred to the requirements for preparation of annual reports by listed companies on KASE's Main market. From 2025, the requirements for preparation of ESG reporting will be mandatory not only for issuers of the main market, but also for issuers of the Alternative market.

The Exchange supports issuers in their efforts to comply with international disclosure standards and annually organizes the annual report competition. The Exchange has



developed a procedure for evaluating the annual reports that takes into account assessment of various characteristics of reports of the competition participants. In total, about 150 criteria are assessed. The report of Bank CenterCredit JSC was recognized as the best 2023 sustainable development report in the financial sector, among the winners also were the reports of Halyk Bank JSC and Entrepreneurship Development Fund "Damu" JSC. The report of National Company "KazMunayGas" JSC was recognized as the best 2023 sustainable development report in the non-financial sector, among the winners also were the reports of Karachaganak Petroleum Operating B.V. and National Welfare Fund Samruk-Kazyna JSC. Kazakhstan Stock Exchange is a key platform for attracting sustainable financing, providing companies with the opportunity to place ESG bonds. By the end of 2024, more than 95 % of all ESG issues in Kazakhstan were registered on KASE.

The Exchange has created attractive conditions for issue of ESG bonds. The listing procedure is similar to the standard one, except for requirement for issues to be verified by verifiers recognized in accordance with ICMA or Climate Bond Initiative standards. The Exchange has entered into agreements with a number of verifiers to provide free opinions. The Exchange provides relief for payment of listing fees for initiators of listing of the green, social or other bonds issued for financing of sustainable development projects. In 2024, the validity period of such relief was extended until December 31, 2027.

As of the end of 2024, a total of 28 ESG bond issues were registered on the Exchange (5 issues have already been redeemed). The volume of all authorized issues amounted to 760.4 bn KZT, the companies managed to raise 606.2 bn KZT for development of ESG projects. In 2024, 10 issues of ESG bonds were issued: 5 green bond issues, 4 social bond issues and 1 sustainability bond issue. Their authorized volume amounted to a record 548.9 bn KZT, the outstanding volume – 435.8 bn KZT. The issuers were: National Management Holding "Baiterek" JSC, Halyk Bank JSC, Housing Construction Savings Bank "Otbasy Bank" JSC, AGRIQA Asia LLP, A-cars LLP, Development Bank of Kazakhstan JSC, JET Group Ltd., HILL Corporation LLP.

KASE also annually holds educational events and seminars with participation of leading international experts, aimed at improving the awareness and competences of issuers and investors on issues of sustainable development and ESG investing. In 2024, a series of webinars were held on preparation of reports in accordance with ESG principles, including webinars with KPMG and ARDFM experts, and with S&P Global experts on approaches to assessing the sustainable development tools.

Thus, KASE successfully integrates international ESG disclosure standards, creating a favorable infrastructure and conditions for issue and promotion of ESG products on Kazakhstan's market. The active development of ESG bonds as well as ongoing support and educational initiatives for the market participants confirm the Exchange's strategic commitment to the sustainable development principles. These efforts contribute to increasing the attractiveness of Kazakhstan's financial market for responsible investors and issuers, strengthening KASE's positions as a key player in sustainable finance.

### **Information policy**

The Exchange, as a key source of exchange information, actively promotes creation of a reliable, transparent and secure environment for working with data. In order to ensure this transparency and responsibility, the Exchange has developed and has in place the Information Policy that regulates the principles and procedures for providing the information to various interested parties, including regulators and partners. This Policy is aimed at forming and maintaining the business image and reputation of the Exchange.

The Exchange adheres to a number of principles in the disclosing process. First, the information must be provided regularly, consistently, promptly and in a timely manner. It is also important that disclosure was complete within the capabilities and competence of the Exchange, with an emphasis on neutrality and objectivity. The Exchange will also ensure equal access to all public information for the regulators, partners and stakeholders, thus ensuring openness and accessibility of data.

In addition, special attention is paid to protecting the confidentiality and preventing the use of insider information. The Exchange also strives to maintain a reasonable balance between openness of information and protection of its commercial interests. Finally, we respect the rights of the Exchange's partners to receive information about changes in their activities, which is carried out in accordance with requirements of the Republic of Kazakhstan's legislation.

### **Information services**

The year 2024 has become an important stage in development of KASE's information services, which is a natural continuation of the global trend of digitalization of financial services, covering both local and global markets. In the context of these changes, the information services are becoming a key tool for optimizing the business processes, improving the access to exchange services and increasing the overall efficiency of various sectors of the economy.

The growing interest in KASE's information services is confirmed by the accession of 10 new organizations, including seven distributors of trading information, such as AlphaSense, Inc., Goldman Sachs & Co, Tansar Capital JSC, Investudy App, Teniz Capital Investment Banking JSC, SQIF Capital JSC, Samruk Kazyna JSC, as well as three subscribers: Bereke Bank JSC, Eurasian Bank JSC and Jusan Invest JSC.

By the end of 2024, the total number of KASE's corporate clients reached 61, including 37 corporate subscribers and 24 market data vendors. Of particular note among these are global financial information providers such as Bloomberg, Refinitiv and Citigroup Global Markets, which broadcast KASE's real-time market data to their clients, reaching an audience of 349 subscribers.

The retail user segment also showed significant growth. The number of paid subscribers to the Telegram bot @KASEInfoBot as of the end of 2024 was 163, and the total number of subscribers exceeded 15,000, which confirms the high demand for this service. Users who prefer to receive more detailed information in real time continue to monitor the trading processes through KASE's corporate website. The number of such subscribers as of the end of 2024 was 206.

The prospects for development of KASE's information products in Kazakhstan remain positive, which is associated with active development of financial technologies and growing interest in investment opportunities on the local market. The exchange will continue to improve its infrastructure, enhance the quality and availability of services, and ensure their security and innovative features. These efforts contribute to strengthening the stability and attractiveness of Kazakhstan's financial market for both local and international investors. KASE remains committed to its strategy of introducing the innovations that support transparency and efficiency of financial processes.

### **Evaluation of KASE services' quality**

Increasing the Exchange's client satisfaction level, maintaining the high positions in evaluation of the exchange services and finding new ways to improve them are the main priorities of KASE's activities. When introducing new projects and products for the Exchange members, listed companies and other service recipients, KASE also focuses on receiving feedback on these initiatives and building the effective communications with the clients.

To effectively interact with the clients and assess the quality of provided services, the Exchange has developed a system of service level criteria (SLA), approved by the

Management Board's decision dated October 5, 2021. These SLA standards serve as the basis for assessing the quality of services provided to the customers.

Additionally, KASE has introduced an information system – a web application for collecting feedback from the clients after receiving each service. This application is used by employees of all structural units of the Exchange which functional responsibilities include customer service, as well as by the clients themselves. This approach allows us to effectively monitor the satisfaction level and promptly respond to customer needs and comments, improving the quality of service and maintaining the high standards of provided services.

In addition, KASE is actively engaged in comprehensive assessment of customer satisfaction with its activities. To this end, the Exchange annually conducts a survey covering key business processes and engages independent research companies to improve objectivity of the results. Following the survey, the Exchange analyzes the received data and develops on its basis a set of measures to improve the quality of provided services. These activities are then incorporated into an action plan for the following year, which contributes to continuous improvement of services.

The survey conducted at the end of 2024 involved 23 out of 53 members of the Exchange (43 %), 102 out of 168 listed companies (61 %) and 180 out of 371 information service clients (49 %). The overall customer satisfaction rating of the Exchange at the end of 2024 was 94.3 % out of 100 %, which confirms high level of satisfaction and trust in the provided services.

### **Environmental protection**

The Exchange shares responsibility for the state of the environment, pursuing implementing a rational model of consumption and production, efficient use of natural resources, reduction of waste by taking measures to prevent its formation, minimizing it, recycling and reusing.

The main resources consumed by the Exchange are electricity, heat, paper products and water. In 2021, the Exchange introduced the Green Office program, which implies a comprehensive approach to managing the organization and includes a number of technical and motivational-educational activities based on generally accepted principles of three Rs:

- Reduction – reasonable consumption of energy, water, electricity, etc.;

- Refinement – reuse of office materials, paper and other consumables;
- Replacement – environmentally responsible procurement and acquisition of goods and services that minimize the impact on the environment, promotion of alternative and/or efficient use of transport.

In order to implement the Green Office program, the Exchange created the headquarters of eco-activists from among the Exchange employees – KASE GREEN. The Exchange has set up separate waste collection. In 2024, about 273 kg of waste paper were collected (in 2023 – 131 kg, in 2022 – 163 kg and in 2021 – 96 kg), more than 250 kg of glass (in 2023 – 109 kg, in 2022 – 33 kg and in 2021 – 24 kg) and 126 kg of plastic (in 2023 – 48 kg, in 2022 – 28 kg and in 2021 – 24 kg).

### **International activities**

In 2024, KASE continued to actively develop international activities aimed at expanding its global presence and increasing the attractiveness of Kazakhstan's capital market for foreign issuers and investors. As a member of major exchange associations such as the World Federation of Exchanges (WFE), the Federation of Eurasian Stock Exchanges (FEAS) and the International Association of CIS Exchanges, KASE has actively participated in development of the global capital market. This participation includes implementation of the best international practices and strengthening the Exchange's competitive positions in the international arena, which contributes to integration of Kazakhstan's market into the global financial system.

KASE representatives took part in key WFE events, including a closed meeting of the WFE Working Committee in Frankfurt, the WFE Clear: The Clearing and Derivatives Conference in Madrid, as well as the 63rd General Assembly and Annual Meeting of WFE in Kuala Lumpur, where KASE's Chairperson of the Management Board Alina Aldambergen moderated the Living in a New World panel discussion. The Exchange also actively supported the global initiatives of exchange associations on gender equality and financial literacy, organizing the Ring the Bell for Gender Equality, Ring the Bell for Financial Literacy and Ring the Bell for Climate 2024 events.

The Exchange actively published materials in the FOCUS WFE magazine, including an interview with Deputy Chairperson of the Management Board D. Amanzholova elected as one of the WFE Women Leaders 2024, and articles on the topics of educational initiatives and carbon markets.

Representatives of KACC Clearing Centre, a member of The Global Association of Central Counterparties (CCP Global), attended the CCP Global's annual general meeting in Athens.

As part of cooperation with FEAS, KASE representatives took part in the ConFEAS conference in Samarkand, the FEAS Onsite Training in Yerevan and the certification course Emerging Trends in Financial Markets Infrastructure Systems from the Euronext Academy in Milan. The Exchange participated online in the FEAS Extraordinary General Assembly that took place on September 19, 2024.

From April 18 to 19, 2024, the Exchange representatives took part in the annual General Meeting of the International Association of Exchanges of the CIS Countries (IAE) in Samarkand. During the event, the current issues of inter-exchange cooperation, the modern trends in development of exchanges in the CIS countries were discussed, and mutually beneficial projects in the field of exchange trading and financial markets were considered.

To support the climate initiatives and strengthen the international cooperation, the Exchange participated online in the 2024 UN Climate Change Conference (COP29) that took place on November 14, 2024. The event was organized by the Ministry of Ecology of the Republic of Kazakhstan and was held in an offline/online format with participation of delegations in Baku. The conference provided a platform for discussing the current climate issues and sharing the experience in the field of sustainable development and environmental protection.

To develop trends and technologies that will determine the future of financial markets, KASE representatives took part in the Tech Day 2024: Technology of the Future conference that took place in Amsterdam (Netherlands), where the latest advances in technology and their impact on development of financial markets were discussed. The event covered the promising cloud solutions for the exchanges and clearing houses, such as Abaxx Exchange and AWS (Amazon Web Services), cloud exchange case studies, technology threats and opportunities for exchanges and clearing houses, and trends in data analytics and management. In addition, the topics of transition from green bonds to carbon bonds and ESG 2.0 were discussed, including new standards for sustainable financing and socially responsible investing.

On October 1, 2024, KASE's Chairperson of the Management Board Alina Aldambergen took part in the 18th Exchange Forum of the Organization of Islamic Cooperation in the

Financial Literacy and Inclusion in the OIC Capital Markets panel discussion. In her speech, Alina Aldambergen shared KASE's experience and initiatives in the field of improving the financial literacy and access to capital markets, aimed at actively promoting the financial literacy among Kazakhstan's population.

As part of strengthening the cooperation with the Middle East, KASE representatives took part in several significant events in the region. From April 29 to 30, 2024, they attended the Annual Conference of the Arab Federation of Capital Markets (AFCM) in Doha, Qatar, which was organized with support of the Qatar Stock Exchange. The event provided a platform for discussing the current issues and opportunities for the development of Arab capital markets.

From May 1 to 2, 2024, KASE also took part in the Dubai Capital Markets Summit, where the key trends and growth prospects for the region's financial markets were discussed. During the visit, KASE representatives visited the Abu Dhabi Securities Exchange (ADX), where the parties signed an agreement to join the Tabadul digital exchange hub, which became a new stage in building a bridge between Kazakhstan's market participants and global financial networks, opening up new opportunities for cooperation and integration into the global financial infrastructure.

The Exchange also strengthened the cooperation in East Asia by participating in the ASEAN+3 Bond Market Forum in Kumamoto, Japan, and visiting the Hong Kong Stock Exchange (HKEX) to share experience and meet with the leading financial institutions in the region.

To attract international investors, KASE, together with the National Bank of the Republic of Kazakhstan and with support of Citibank N.A., held in London a conference Kazakhstan: Local Currency Bond Market, and also, jointly with Deutsche Bank, Kazakhstan Equity Capital Markets Day. Representatives of Kazakhstan's government agencies and financial infrastructure, the leading companies – issuers at the Exchange, as well as international investors spoke at the events. The experts presented the macroeconomic trends and forecasts, discussed the prospects for the capital market development, the results of past IPOs and privatization plans, as well as opportunities for foreign investors in the stock market infrastructure.

In 2024, KASE representatives visited the Vienna Stock Exchange, where the parties discussed experience in the field of dissemination of exchange information and information products.

In addition, in October 2024, KASE's Chairperson of the Management Board Alina Aldambergen took part in the international conference Kazakhstan Finance Day in New York, USA, organized by the National Bank of the Republic of Kazakhstan and leading international partners. At the Capital Markets from the Prospect of Financial Services Development panel, she presented KASE's role in developing the capital market of Kazakhstan, increasing the liquidity, attracting the foreign investors and implementing the innovative solutions. The speech highlighted the competitive advantages of Kazakhstan's market, including attractiveness of the tax regime, high yield of government bonds and increasing local presence of foreign financial institutions.

These events allowed the Exchange to significantly strengthen the international cooperation and increase visibility of Kazakhstan's stock market on the global map of capital markets.



# REVIEW OF RESULTS

## International exchange market trends

In 2024, the global markets finished the year amid significant geopolitical and economic uncertainty, which had a profound impact on recovery of the global economy. The markets encountered increased fragmentation of global trade when protectionist measures and governments' push to localize production have led to revision of global supply chains. Despite the slowdown of inflation processes due to stabilization of energy prices and gradual restoration of logistic chains, the central banks in many countries remain cautious: some regions consider possible reduction of interest rates, while others implement measures to maintain the current high levels to combat persistent inflation. At the same time, there is growing investor interest in safe-haven assets such as gold and bitcoin as well as digital financial instruments, which is reflected in the active implementation of digital government initiatives to simplify business processes.

**Table 1. Dynamics of real GDP and inflation (y/y %)**

	Real GDP (y/y %)						Inflation (y/y %)					
	Q3	Q4	Q1	Q2	Q3	Q4	Q3	Q4	Q1	Q2	Q3	Q4
	2023 (F)	2023 (O)	2024 (P)	2024 (P)	2024 (P)	2024 (P)	2023 (F)	2023 (F)	2024 (P)	2024 (P)	2024 (P)	2024 (P)
USA	2.9	3.1	2.3	2	1	1.1	3.5	3.2	2.9	2.8	2.5	2.5
EU	0	0.1	0.1	0.2	0.7	1	4.9	2.7	2.5	2.4	2	2.2
UK	0.2	-0.2	0	0.1	0.5	0.9	6.7	4.2	3.7	1.9	2.1	2.3
Japan	1.7	1	0.3	-0.3	0.9	1.2	3.2	2.9	2.6	2.5	2.2	1.8
China	4.9	5.2	4.2	4.8	4.7	4.7	-0.1	-0.3	0.3	0.4	0.6	1.3
India	7.6	6.4	5.7	6.4	6.1	6.2	6.4	5.4	5.1	5.1	4	4.8
Russia	5.5	4.4	3	1.6	0.4		14.4	7.2	7.5	7.6	6.7	5.1
Turkey	5.9	3.3	4.5	1.5	1.9	2.5	56.1	62.7	61.8	69.3	46.8	40.7
Brazil	2	2.2	1.6	1.3	1.6	2	4.6	4.7	4.1	3.7	3.8	3.8
Argentina	-0.8	-0.6	-3.7	-0.9	-3.2	-1.2	125	166.9	295.3	341	287.9	214.9
Thailand	1.4	1.7	2.8	3.5	3.8	3.6	0.5	-0.5	0.6	1.6	2	2.2

Source: Bloomberg economic forecast

2024 saw a change in the monetary policy phases – after the peak rally of interest rates in 2023, the central banks shifted to a gradual rate reduction. Thus, the US Federal Reserve System, having started the year at 5.25–5.50 %, made adjustments during the year and ended 2024 at approximately 4.25–4.50 %. Similarly, the European Central Bank's rate has dropped from a peak of 4.5 % in September 2023 to 3.15 % by the end of 2024.

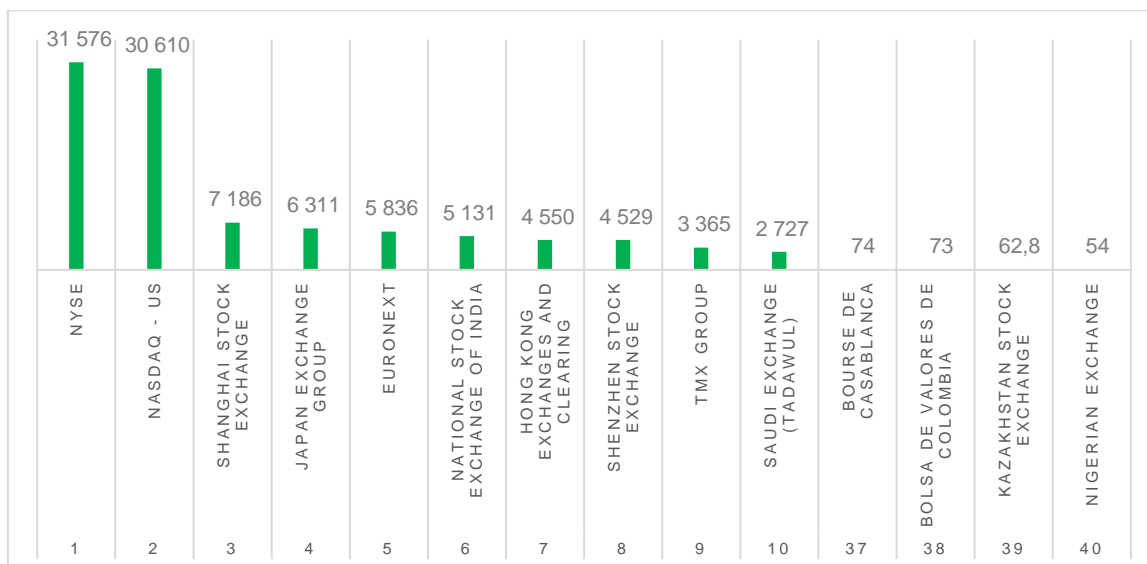
Following the key rates decline, there was a moderate decline in debt instrument yields: the yield on 30-year US Treasury bonds fell to about 4.00 % in September 2024, and the yield on 10-year bonds fell to about 3.65 %. Thanks to easing of borrowing conditions, the cost of servicing the government debt also decreased – net interest payments on US government obligations amounted to about 3.1 % of GDP, which indicates a partial relief of the debt burden.

The American stock market continued its growth. Thus, the Dow Jones index rose by approximately 12.9 %, the S&P 500 index – by 23.3 %, and the technology-oriented Nasdaq – by 28.6 %. The dynamics of sectors within the S&P 500 deserve special attention. Thus, the communications services sector led the index with a yield of 38.9 %, followed by information technologies with a growth of 35.7 % and the consumer sector with a rise of 29.1 %. The financial sector grew by 28.4 %, utilities – by 19.6 %, and the industrial sector increased by 15.6 %. The consumer staples and energy sectors posted gains of 12.0 % and 2.3 % respectively, while the real estate sector shown a modest 1.3 % increase. Healthcare posted a modest gain of 0.9 %, while the materials sector was the only one to end the year with a loss of 1.8 %.

The improvement in the global economy had a positive impact on key indicators of global stock exchanges. In 2024, the global stock market capitalization increased by 8.5 % compared to 2023 and amounted to 121.3 trln USD. Capitalization in the Americas (North and South America) and Asia-Pacific regions increased by 24.1 % and 10.3 %, respectively, while in the EMEA (Europe, Middle East and Africa) regions it decreased by 7.6 %. Global stock trading volume in 2024 increased by 13 % compared to 2023 to 146.7 trln USD. The decline in volumes was observed in the EMEA regions – by 6.9 % to 9.6 trln USD. Trading volume in the Americas (North and South America) grew by 15.1 % to 80.6 trln USD, while in the Asia-Pacific region it grew by 20.7 % to 58.6 trln USD.

Based on results of 2024, KASE ranks 39th in terms of stock market capitalization among the WFE members. Trading volume on KASE's stock market decreased by 12.6 % to 637.6 mln USD. Based on results of 2024, KASE ranks 58th in terms of stock trading volume and 18th in terms of bond trading volume among the WFE member exchanges.

**Fig. 1. Capitalization of stock exchanges, bn USD**



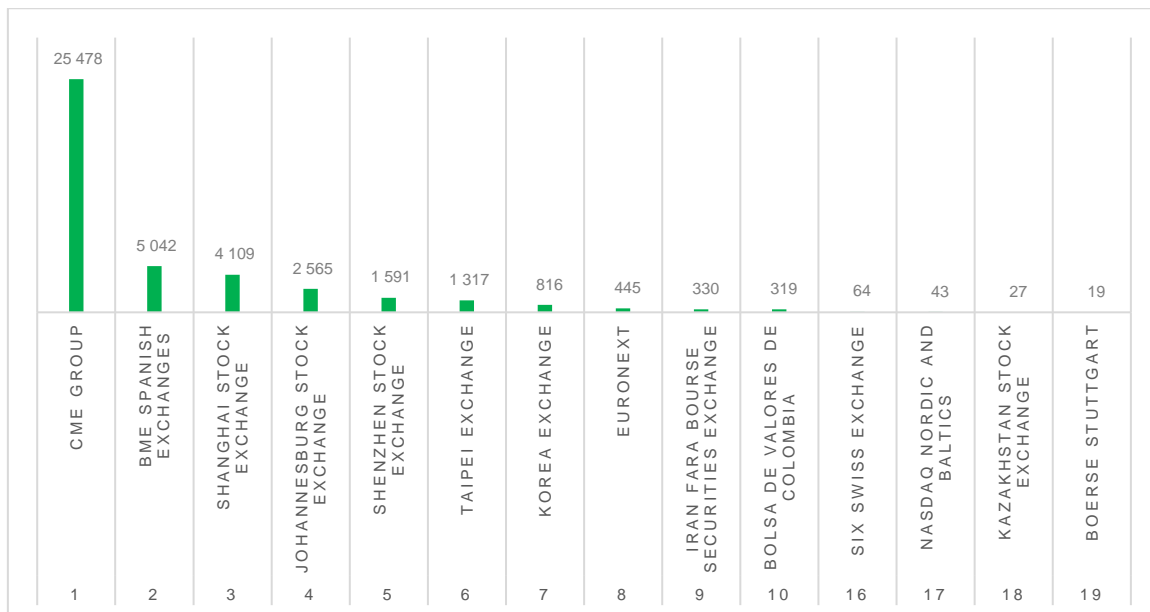
Source: WFE

Fig. 2. Volume of share trading on stock exchanges of the world, bn USD



Source: WFE

Fig. 3. Volume of bond trading on stock exchanges of the world, bn USD



Based on results of 2024, the Argentine Merval showed the greatest growth among world stock indexes, gaining 172.52 % and reaching 2.5 mln points. The drivers were the macroeconomic reforms of the Javier Milei's administration, fiscal adjustment, deregulation, the country risk reduction from 2000 to 650 points and a significant increase in corporate profits (490 %). The energy sector has been the key contributor, with oil exports expected to reach 550,000 barrels per day by the end of the decade.

The second in terms of growth rate was the Venezuelan CAS index (106 %). Annual inflation in the country has dropped to 48 % (a 12-year low), helped by orthodox methods of combating the rising prices. In 2023, the inflation was 189.8 %, and the economy in 2024 grew by 9 % according to the government statements. However, political instability remains, which could hinder further development of the market.

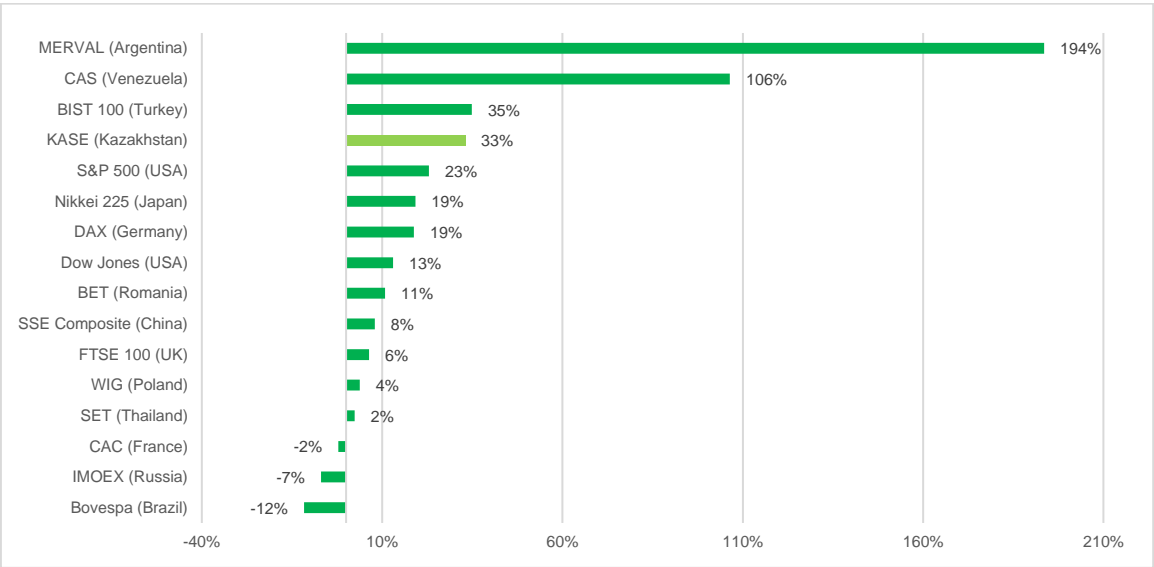
Third place went to Turkey's BIST 100, which grew by 35 %. An important factor was the continuation of disinflation: in December 2024, the annual inflation rate fell to 44.38 % from 47.09 % the month before, and this is the seventh consecutive month of decline. At the same time, in certain categories (clothing and footwear), the prices continued accelerated growth.

Kazakhstan's KASE Index increased by 33.2 % (to 5,578.10 points), updating its historical maximum at 5,624.38 points in December. The biggest contributors were the financial and telecom stocks, including Bank CenterCredit, Kcell and Halyk Bank, on the back of strong financial results and dividend payments.

China's Shanghai Composite rose 12.67 %. Total turnover on the Shanghai and Shenzhen exchanges reached 254.42 trln yuan (35.39 trln USD), up 20.2 % from a year earlier. The market focused on securities related to artificial intelligence, small economies and finance.

The Russian Moscow Exchange Index (IMOEX) has dropped by 6.97 % over the year, falling from 3099.11 to 2883.04 points. The negative impact was caused by tight monetary policy (increasing the key rate from 16 % to 21 %), geopolitical tensions and new sanctions, including against the exchange itself.

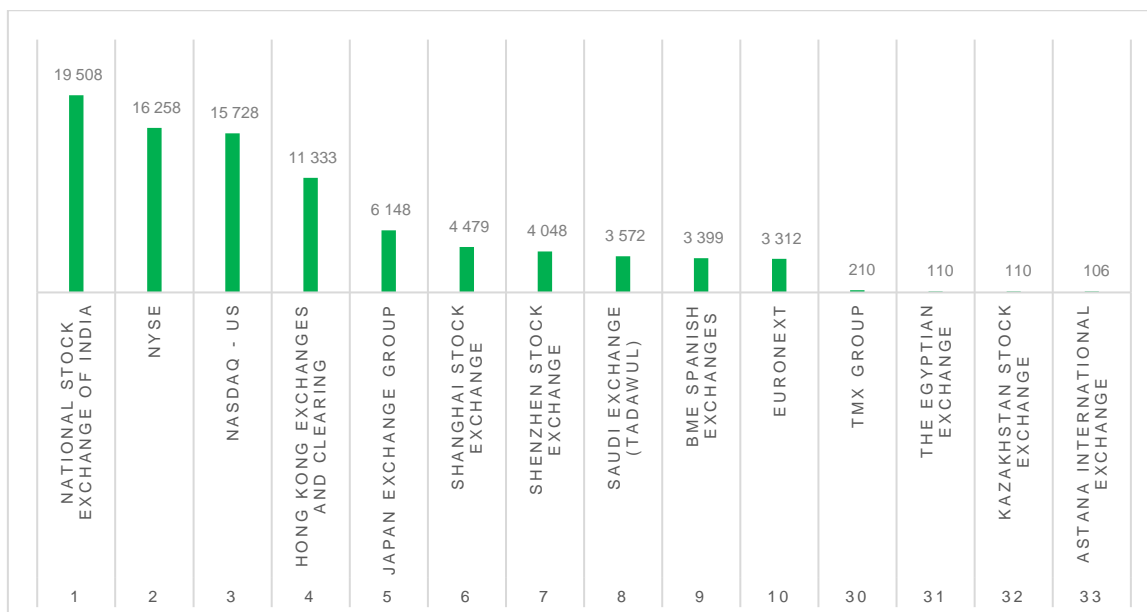
**Fig. 4. Growth rates of the main world stock indexes and KASE Index during 2024, %**



Source: Bloomberg

In 2024, the volume of IPOs placed on global stock exchanges continued to grow. Resumption of growth after a decline in the previous few years was facilitated by lower interest rates in many countries around the world. Based on results of 2024, KASE ranks 32nd in terms of IPO placement volume among the WFE members.

**Fig. 5. Volume of IPO placement on stock exchanges of the world, mln USD**



Source: WFE

In 2024, Kazakhstan's GDP growth was 4.8 %. The leading industries were agriculture - 13.7 %, construction - 13.1 %, trade - 9.1 %, transport - 8.5 %. The manufacturing industry volume increased by 5.9 %. At the same time, the US GDP growth was 2.5 %, China's GDP – 5.4 %, and the Russian Federation's – 3.1 %.

Inflation in the Republic of Kazakhstan slowed down from 9.8 % in 2023 to 8.6 % in 2024. The largest contribution to the annual inflation rate was made by food and non-alcoholic beverages (2.1 %), housing services (1.8 %), clothing and footwear (1.0 %).

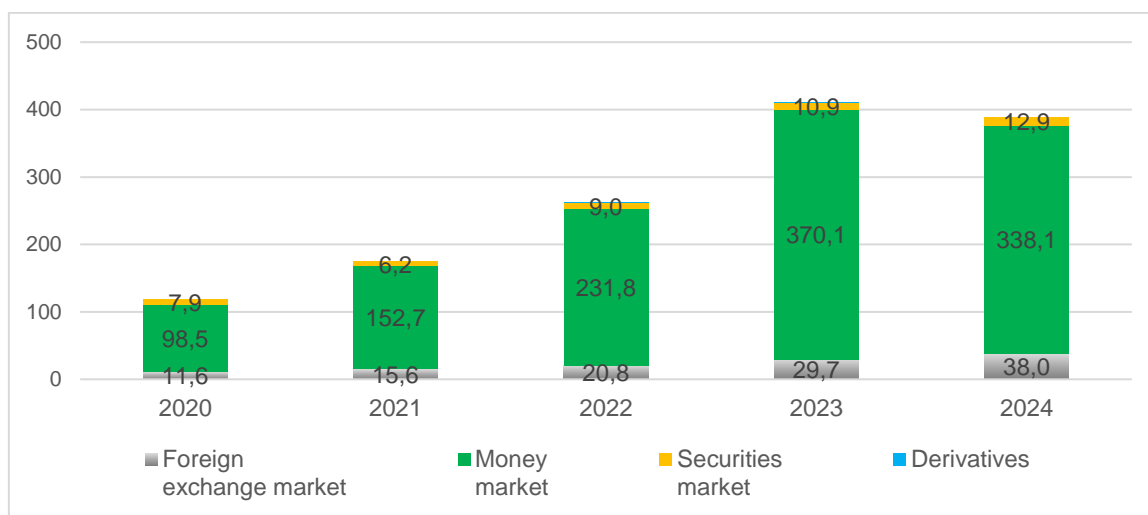
At the beginning of 2024, the base rate of the National Bank of the Republic of Kazakhstan was 15.75 %. During the year, the base rate was reduced three times to 14.25 %. At the same time, the strengthening of US and EU sanctions against the Russian Federation and the subsequent weakening of the ruble exchange rate affected the dynamics of the national currency. In order to stabilize the situation on the foreign exchange market, the National Bank of the Republic of Kazakhstan decided at the December meeting to raise the rate to 15.25 %. However, based on results of 2024, KZT has weakened by 13.6 % against the USD and by the end of the year the rate was 515.25 KZT per USD.

Based on results of 2024, the current account deficit of the balance of payments amounted to -4.4 bn USD due to deterioration of the trade balance. Exports of goods decreased by 0.5 % down to 79.8 bn USD. Imports of goods rose by 0.1 % to 60.4 bn USD. In this regard, the trade balance surplus decreased by 2.4 % compared to 2023 and amounted to 19.4 bn USD. Direct investment revenues fell 16.7 % to 20.9 bn USD.

## KASE Markets

Based on results of 2024, the total trading volume on all markets decreased by 5.3 % to 389.1 trln KZT:

**Fig. 6 Dynamics of trading volume by sector, trln KZT**



The main trading volume on KASE falls on the money market, where the trading volume in 2024 decreased by 8.6 % to 338.1 trln KZT.

The volume of currency swap operations increased by 20.6 % to 76.6 trln KZT.

On the foreign exchange market, the trading volume increased by 28 % to 38.0 trln KZT, with the USD/KZT currency pair trading volume increasing by 47.3 %, the RUB/KZT pair – by more than 2 times, the CNY/KZT pair – by 89.2 %.

The trading volume growth on the securities market was driven by the corporate debt securities market, where trading volume increased by 98.7 %, or 2.2 trln KZT, to 4.3 trln KZT. There was also an increase in trading volume in the KASE Global sector by 27.5 % to 46.6 %, and in the derivatives sector by 49.9 % to 2.8 bn KZT.

At the same time, there was a decline in activity on the stock market, in the sector of government securities, bonds of international financial organizations, securities of investment funds, the repo and derivatives markets:

**Table 2. Dynamics of trading on KASE stock exchange, bn KZT**

	2020	2021	2022	2023	2024	2024 vs 2023
Securities market	7,878.2	6,218.2	8,980.5	10,923.6	12,913.8	+1,990.2

Shares	238.4	422.8	307.3	333.6	298.2	-35.4
Kase Global	–	6.4	25.8	36.5	46.6	+10.0
Corporate debt securities	2,691.2	1,980.8	2,488.8	2,187.3	4,347.2	+2,159.9
GS	4,650.7	3,575.9	6,004.3	8,013.0	7,952.9	-60.2
IFO bonds	274.2	155.4	126.9	337.1	254.4	-82.7
Securities of investment funds	20.3	38.1	8.8	14.3	11.9	-2.4
Derivatives	3.4	38.8	18.4	1.8	2.8	+0.9
<b>Foreign exchange market</b>	<b>11,606.9</b>	<b>15,567.8</b>	<b>20,798.1</b>	<b>29,710.7</b>	<b>38,018.3</b>	<b>+8,307.5</b>
<b>Money market</b>	<b>98,501.0</b>	<b>152,653.6</b>	<b>231,834.4</b>	<b>370,075.4</b>	<b>338,136.8</b>	<b>-31,938.6</b>
Repo operations	88,568.9	141,631.4	202,635.7	306,582.7	261,555.5	-45,027.2
Currency swap operations	9,932.1	11,022.1	29,198.6	63,492.7	76,581.3	+13,088.6
<b>Derivatives market</b>	<b>&lt;0.1</b>	<b>&lt;0.1</b>	<b>7.9</b>	<b>29.4</b>	<b>&lt;0.1</b>	<b>-29.4</b>
Futures	<0.1	<0.1	7.9	29.4	<0.1	-29.4
<b>TOTAL trading volume</b>	<b>117,986.1</b>	<b>174,439.6</b>	<b>261,620.8</b>	<b>410,739.2</b>	<b>389,068.9</b>	<b>-21,670.30</b>

Source: KASE

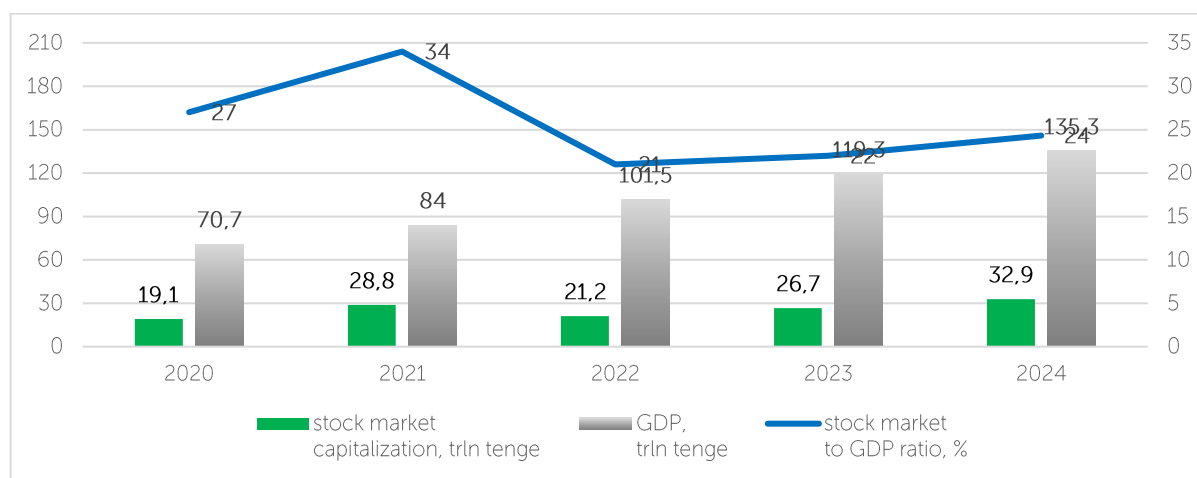


## Securities market

*The stock market capitalization has increased amid a trend of falling interest rates.*

Since the beginning of the year, the stock market capitalization has increased by 23.0 %, or 6.1 trln KZT, and reached 32.9 trln KZT (62.8 bn USD). The stock market share in relation to GDP by the end of 2024 increased to 24 %.

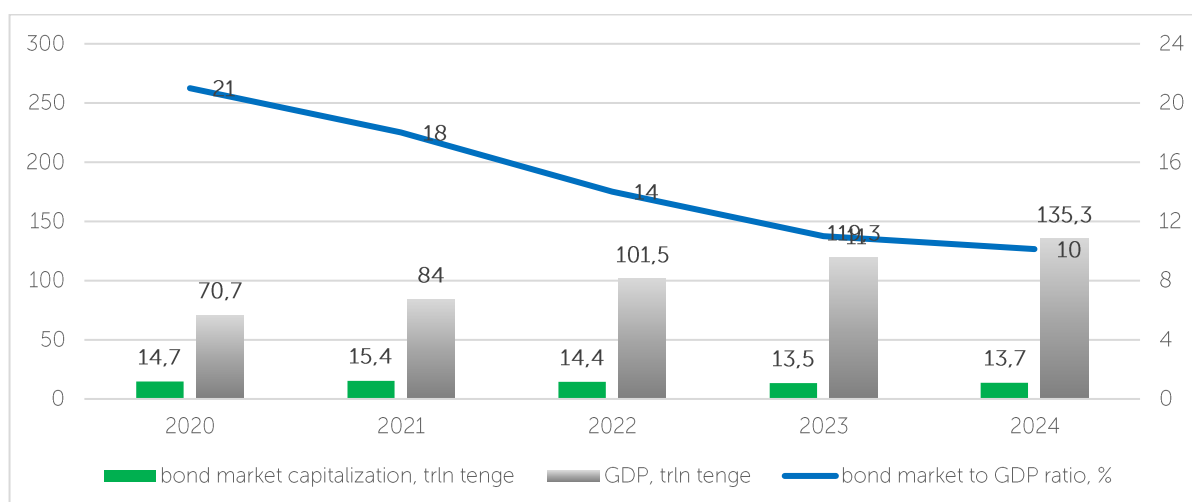
**Fig. 7. Ratio of KASE equity market capitalization volume to GDP, %**



Source: KASE, stat.gov.kz

The volume of corporate debt in circulation in 2024 increased by 1.6 % to 13.7 trln KZT. The corporate debt market share in relation to GDP by the end of 2024 fell to 10 %.

**Fig. 8. Ratio of corporate debt in circulation on KASE to GDP, %**



Source: KASE, stat.gov.kz

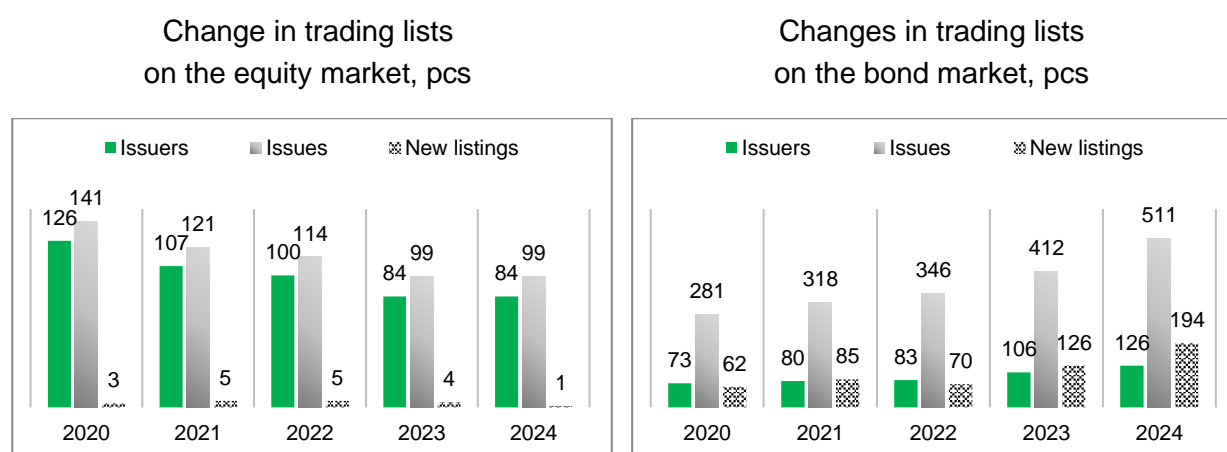
*The total number of issuers and new issues on the Exchange continues to grow.*

As of January 1, 2025, KASE's trading lists included 758 corporate securities of 262 issuers, including 384 securities of 84 issuers on the Main market, 150 securities of 79 issuers on the Alternative market, 148 securities of 78 issuers on the Mixed market, and 74 securities of 37 issuers on the Private Placement market.

In 2024, 86 issuers passed the listing procedure (including 32 new issuers), 226 issues of securities were included in the Exchange's official lists, including:

- In 2024, shares of one issuer, Air Astana JSC, were included in the official list of the Exchange. At the same time, in 2024, one item of shares was excluded from the Exchange's trading list – common shares of 3A-BestGroup JSC. In this regard, as of the end of 2024, the Exchange's trading lists included 99 items of shares from 84 issuers, of which two items of shares from two issuers were admitted to circulation in the "Unlisted securities" sector.
- As of the end of December 2024, the KASE Global foreign securities sector contained 60 securities of 56 foreign issuers, including 47 items of shares and 13 ETFs. During the year, 2 shares and 2 foreign ETFs entered the sector.
- In 2024, 194 issues of bonds from 75 issuers were included in the official list of KASE. At the end of December 2024, the official list of KASE included 511 issues of corporate bonds from 126 issuers.

**Fig. 9. Dynamics of trading lists of shares and bonds of KASE**



Source: KASE

- The number of instruments in the "Investment Fund Securities" sector reduced from 24 to 23. One issue of units of interval mutual investment funds, which

management company is First Heartland Jusan Invest JSC, was excluded from the list.

- The official list includes 26 bond issues of 6 international financial organizations; in total, KASE platform has registered 59 bond issues of seven international financial organizations.

By decision of the Issuer, 11 issues of 4 issuers were excluded from the official list in 2024, including 1 issue of units of interval mutual investment funds. 8 issues of shares from 5 issuers were forcibly excluded from the official list of the Exchange. 170 issues from 61 issuers were excluded due to expiration of the circulation period, early repayment and cancellation.

As of January 1, 2025, 51 members of the Exchange were registered on KASE markets, including 44 members on the stock market, 38 members on the foreign exchange market, and 29 members on the derivatives market.

During the year, eight companies were included in the lists of KASE members:

- Investment Company Standard JSC (in the "derivatives" category);
- Home Credit Bank JSC (in the "stock" category);
- Altyn Adam Associates JSC (in the "stock" category);
- UD Capital JSC (in the "foreign exchange" category).
- Tansar Capital JSC (in the "derivatives" category);
- NGDEM Finance JSC (in the "foreign exchange" category);
- BCC Invest JSC (in the "foreign exchange" category);
- Title Broker International Ltd. (in the "stock" and "derivatives" categories).

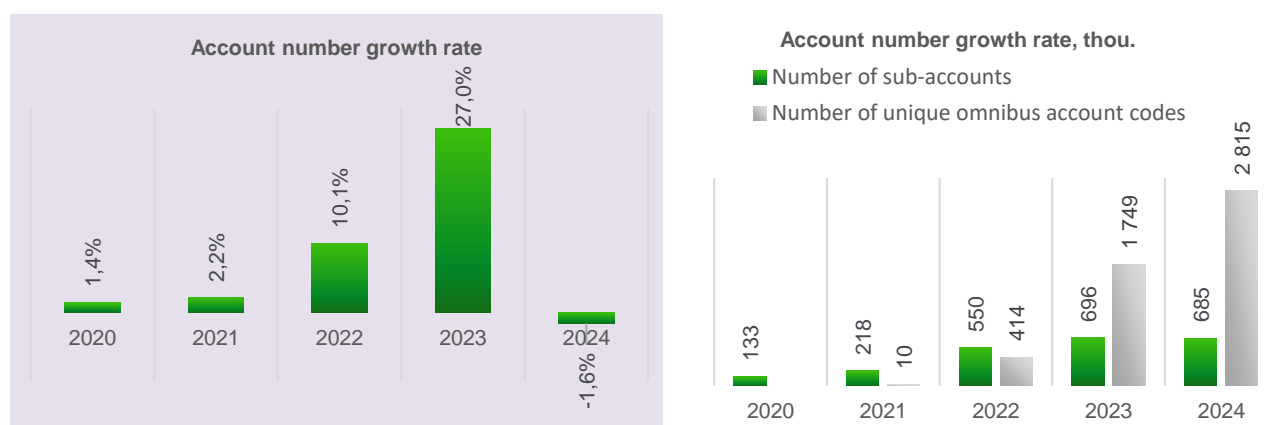
*The number of KASE Global sector instruments is growing in the structure of the first-class liquidity list*

As of January 2025, KASE's first liquidity class lists include 73 instruments. Of these, 23 are items of shares from Kazakh and foreign issuers, 3 are depositary receipts from Kazakh issuers, 25 are items of shares and 10 ETFs from foreign companies of the KASE Global sector and 12 are items of securities from investment funds and ETFs. According to the Exchange's rules, for a share to be included in the first class of liquidity list, it must meet the criteria for the number, frequency and volume of concluded transactions, as well as the number of exchange members who made transactions with it. In 2024, 14 KASE Global sector share items and 7 ETFs were included in the first liquidity class.

**The retail investor base continues to grow, with the total number of accounts exceeding 3.5 mln in 2024.**

The number of retail investors in the local market continues to increase. According to the CSD, as of January 1, 2025, more than 3.5 mln accounts were opened in Kazakhstan, including 685 thou. sub-accounts and 2.8 mln personal accounts opened through omnibus accounts.

**Fig. 10. Dynamics of brokerage accounts**



Source: KASE, CSD

The growth in the number of accounts is due to influence of several factors:

- successful completion of several IPOs/SPOs in recent years, which has had a positive impact on subsequent growth of trading on the secondary stock market and growth of retail investor engagement in trading on the stock market;
- growing trend of opening and using of omnibus accounts;
- development and implementation of technological innovations in financial and brokerage services and emergence of new digital brokerage mobile apps, which simplified the process of opening a brokerage account through remote personal identification, the procedure for submitting the client orders and their execution;
- KASE's active work to improve the financial literacy of the population, which includes implementation of the Stock Exchange Simulator project and training webinars as part of the KASE Academy.

*The main event on the local stock market is the IPO of Air Astana JSC.*

2024 saw the first IPO of a representative of the airline industry – Air Astana shares. KASE listed shares in the amount of 49.2 bn KZT, or 76 % of the total volume of common

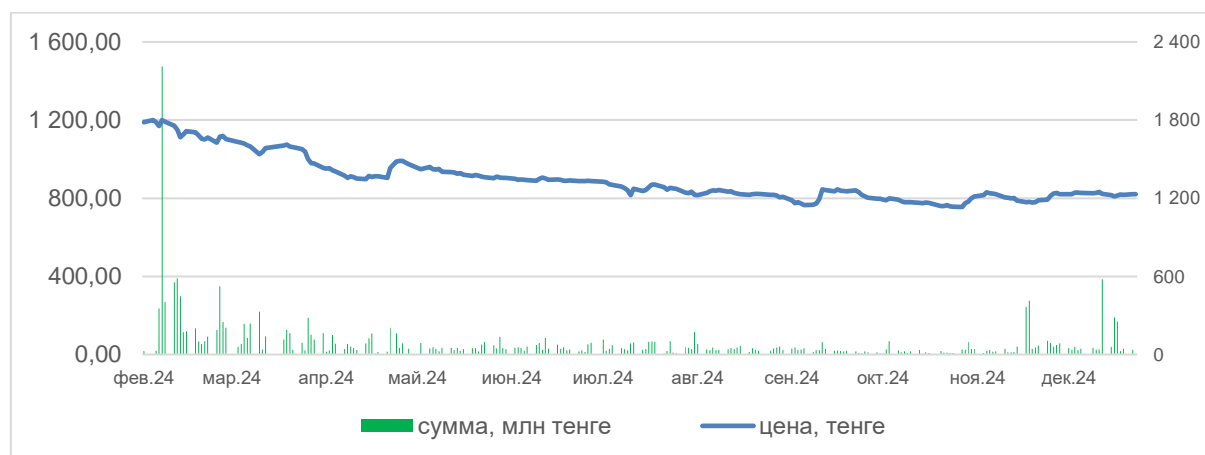
shares placed. The volume of demand exceeded the volume of shares offered for placement on KASE by almost 2.5 times. The offering price of Air Astana shares was 1,073.83 KZT. 29 thou. individual investors took part in the IPO on KASE, submitting 36.8 thou. orders worth 46.4 bn KZT, or 38.5 %, of the total volume of orders submitted on KASE. At the same time, 58.6 % of the total volume of received orders, or 70.6 bn KZT, came from institutional investors represented by banks, brokers and insurance companies.

As a result of the IPO, securities worth 24.3 bn KZT, or 49.4 % of the offering volume on KASE, were received on the accounts of individuals; the volume of executed orders submitted by institutional investors amounted to 24.9 bn KZT, or 50.6 % of the offering volume.

On March 1, Air Astana's common shares were included into the Representative List of KASE Index.

Since the start of trading on the secondary market, the trading volume of Air Astana shares has reached 20 bn KZT.

**Fig. 11. Dynamics of price and trading volume of Air Astana shares from February 9 to December 31, 2024**



*With the number of transactions almost doubling, the most active investors on the secondary stock market are retail investors.*

## Equity market

The volume of stock trading in 2024 reached 298.2 bn KZT, decreasing by 10.6 % compared to 2023. At that, the trading volume on the secondary equity market decreased by 17.4 %, or 52.4 bn KZT, and reached 248.7 bn KZT.

At the same time, the number of transactions on the equity market more than doubled and reached 1,693,612. The average daily trading volume was 1,197.6 mln KZT (on the secondary market – 998.8 mln KZT), the average daily number of transactions was 6,802 (on the secondary market – 6,656 transactions), the average volume of one transaction was 176.1 thou. KZT (on the secondary market – 150.1 thou. KZT).

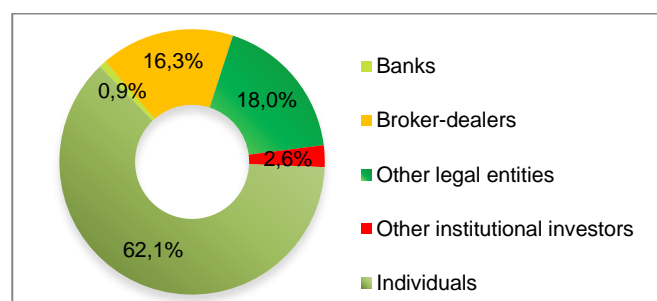
**Table 3: Key equity market trading indicators**

	2020	2021	2022	2023	2024
Trading volume, bn KZT, incl.	238.4	422.8	307.3	333.6	298.2
- primary market	3.5	0.9	138.4	32.5	49.5
- secondary market	234.9	421.9	168.9	301.1	248.7
Number of transactions, pcs	195,687	452,284	516,318	802,250	1,693,612
Average number of transactions per day, pcs	795	1,846	2,107	3,261	6,802
Average volume of one transaction, thou. KZT	1,218	935	595	416	176

Source: KASE

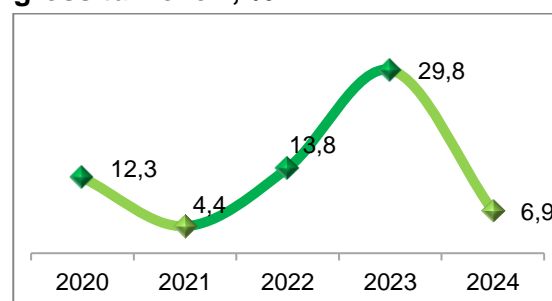
This increase is explained by growing participation of retail investors in trading on the equity market. In terms of the main categories of investors on the secondary market, the most active are the individuals, who accounted for 62.1 % of the gross turnover of stock trading. Participation of banks is estimated at 0.9 %, broker-dealer organizations at 16.3 %, other institutional investors at 2.6 %, and other legal entities accounted for 18.0 %. In 2024, the share of foreign investors on the secondary market decreased to 6.9 % of the total gross turnover.

**Fig. 12 Structure of investors in 2024\***



\* of the total gross turnover of stock trading on the secondary market excluding large and irregular transactions

**Fig. 13 Share of non-residents in total gross turnover\*, %**



\* of the total gross turnover of stock trading, excluding from the calculation the position of the specialized trading initiator and irregular transactions

*In 2024, KASE Index continued to show historical highs against the backdrop of financial results of index stock companies and dividend payments.*

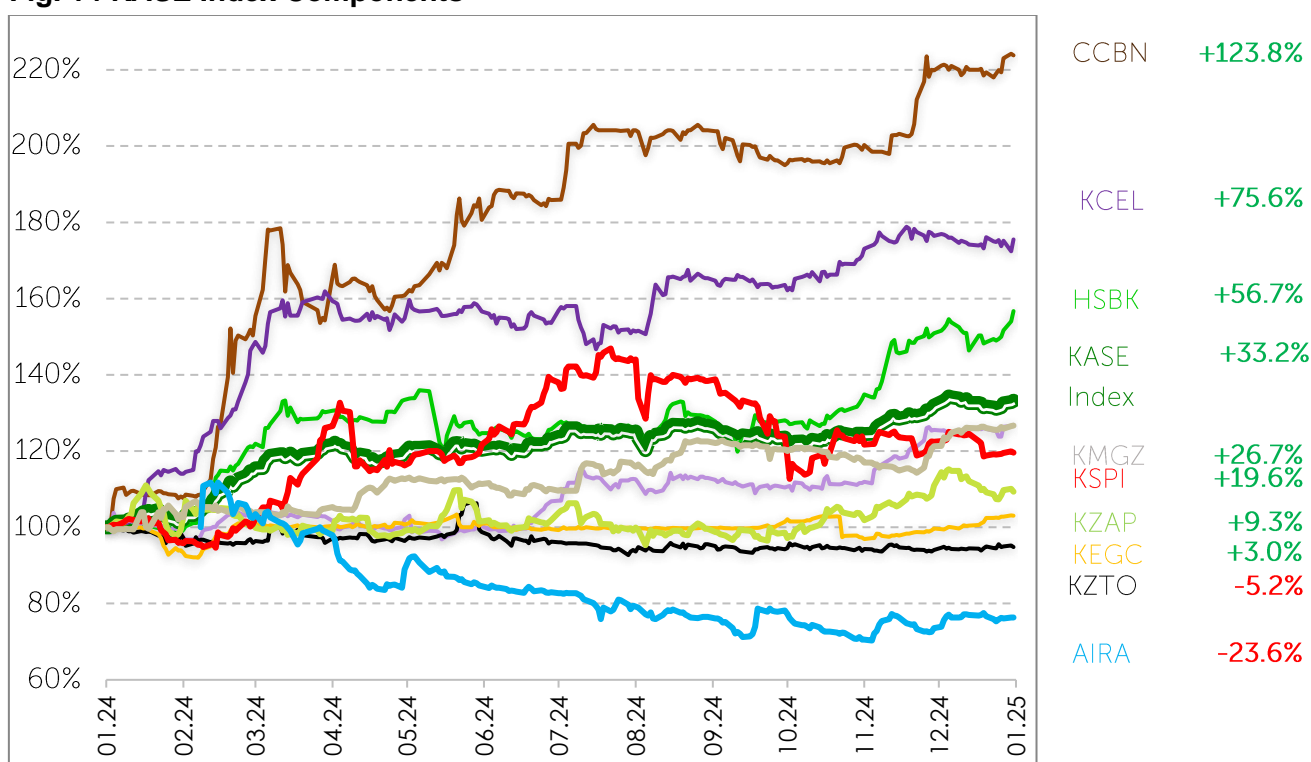
In 2024, KASE Index grew by 33.2 % to 5,578.10 points. Moreover, on December 5, 2024, KASE Index updated its historical maximum at 5,624.38 points.

Throughout 2024, KASE Index has shown mostly stable growth. After reaching a maximum in December, the indicator fell to 5,488.77 points and resumed growth in the last trading days of 2024, recouping the previous decline.

At the end of the year, all shares of KASE Index's Representative List demonstrated positive dynamics, with the exception of shares of KazTransOil JSC and Air Astana JSC. The greatest growth was shown by shares of the financial and telecommunications sectors, namely Bank CenterCredit JSC, Kcell JSC and Halyk Bank JSC. The main growth factors of KASE Index shares are the publication of financial reports and dividend payments.

The total volume of trading in index shares in 2024 amounted to 148.7 bn KZT\*.

**Fig. 14 KASE Index Components**



Based on of 2024, shares of **Bank CenterCredit JSC** increased by 2.2 times to 2,186.99 KZT. According to the consolidated financial statements, the bank's net profit for nine months of 2024 increased by 39.2 % to 144.3 bn KZT, net interest income increased by 41.8 % to 212.8 bn KZT. The Bank's net profit for the financial year 2023 decreased by 6.8 % to 135.2 bn KZT. In December, S&P Global Ratings raised the Bank's long-term credit rating from BB- to BB with Stable outlook, Moody's Investors Service raised the Bank's rating from Ba2 to Ba1 and maintained the Positive outlook. The bank did not allocate the 2023 net profit to dividend payments.

**Kcell JSC** shares over the year increased in price by 75.6 % to 3,432.00 KZT. At the end of 2023, the company's net profit decreased by 18.5 % to 32.9 bn KZT. At the same time, for nine months of 2024, net profit decreased to 8.1 bn KZT compared to 23.6 bn KZT for the same period in 2023. Fitch Ratings has affirmed the company's credit rating at BB+ with Stable outlook. The company has decided not to distribute the company's 2023 net income or pay dividends on common shares.

Common shares of **Halyk Bank of Kazakhstan JSC** during 2024 increased by 56.7 %. The Bank's net profit increased from 569.5 bn KZT in 2022 to 693.4 bn KZT in 2023. On April 25, 2024, based on the results of 2023 operations, the Bank decided to allocate 277.4 bn KZT or 25.43 KZT per share for dividend payments. Also, on December 9, 2024, the Bank decided to additionally allocate 104.2 bn KZT or 9.57 KZT per share for dividend payments. The bank's net profit for the nine months of 2024 increased by 18.3 % to 638.8 bn KZT, and the net interest margin increased from 6.3 % to 7.1 %. S&P Global Ratings has upgraded the Bank's credit ratings to BBB- with Stable outlook.

Common shares of **Kazakhtelecom JSC** increased in price by 26.9 %. The Group's consolidated 2023 net profit decreased by 18.9 % from 128.8 to 104.4 bn KZT. According to the consolidated financial statements, income from continuing operations for nine months of 2024 increased by 5.0 % to 364.3 bn KZT, while net profit decreased by 40.5 % to 53.1 bn KZT. On April 30, 2024, the general meeting of shareholders decided to allocate 93.1 bn KZT or 2,096.60 KZT per common share for payment of 2023 dividends.

Shares of **NC KazMunayGas JSC** closed 2024 with 26.7 % growth. The Company's 2023 net profit decreased to 924 bn KZT from 1,307 bn KZT in 2022. At the same time, for nine months of 2024, the net profit decreased to 867.0 bn KZT from 946 bn KZT for the same period in 2023. On June 20, 2024, Fitch Ratings affirmed the company's rating at BBB with Stable outlook. On September 11, 2024, Moody's Ratings upgraded the company's



credit rating to Baa1 with Stable outlook. On May 28, 2024, the general meeting of shareholders of the company decided to allocate 300 bn KZT to pay 2023 dividends in the amount of 491.71 KZT per ordinary share.

Based on results of 2024, common shares of **Kaspi.kz JSC** increased by 19.6 %. The consolidated net profit of Kaspi.kz JSC increased by 44.1 % in 2023 – from 588.8 bn KZT to 848.8 bn KZT. At the same time, the company's consolidated net profit for nine months of 2024 increased from 600.8 bn KZT to 740.4 bn KZT. On September 19, 2024, Fitch Ratings assigned to the Company the long-term corporate default ratings at BBB- level with Stable outlook. On May 22, 2024, shareholders decided to pay dividends on common shares for the first quarter of 2024 in the amount of 850 KZT per share. On August 21, an extraordinary general meeting of shareholders decided to pay dividends on common shares for the second quarter of 2024 in the amount of 850 KZT per share. On November 19, the Company's shareholders decided to pay dividends for the third quarter of 2024 in the amount of 850 KZT per share.

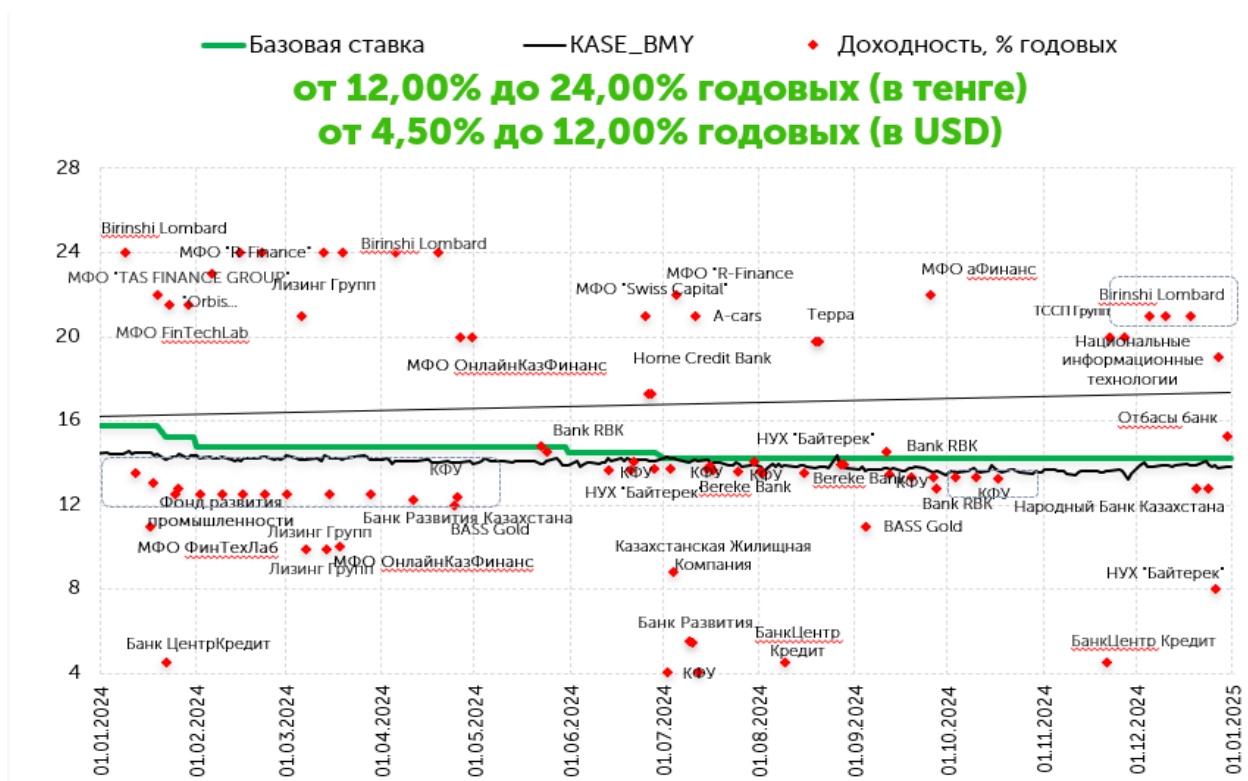
#### CORPORATE BOND MARKET

*Trading volume and number of transactions in the corporate bond market are growing*

In 2024, growth in trading volume on the securities market by 2.0 trln KZT was ensured by growth in corporate bonds trading volume by 98.7 %, or 2.2 trln KZT, to 4.3 trln KZT.

Activity on the corporate bond market increased amid decrease in the inflation rate and the base rate by the National Bank of the Republic of Kazakhstan and a further decrease in the yield of debt securities placement. During 2024, the value of KASE\_BMY corporate bond yield index fell by 61 basis points to 13.85 % per annum.

**Fig. 15 Market placements in 2024**



The volume of placements on the primary corporate bond market showed record growth. In 2024, 123 issues of bonds from 59 issuers were placed on the primary corporate bond market for a total of 3.5 trln KZT, which is 2.3 times, or 1.9 trln KZT, higher than the 2023 figure.

The trading volume on the secondary bond market increased by 31.9 %, or 212.0 bn KZT, compared to 2023 – to 876.9 bn KZT.

The number of transactions concluded on the corporate bond market in 2024 exceeded the 2023 figure by more than 2 times and amounted to 96,772. This growth occurred due to an increase in the number of transactions concluded on the secondary corporate bond market by 2.2 times to 91,443. The average daily trading volume was 17.5 bn KZT (on the secondary market – 3.5 bn KZT), the average daily number of transactions was 389 (on the secondary market – 367), the average volume of one transaction was 44.9 mln KZT (on the secondary market – 9.6 mln KZT).

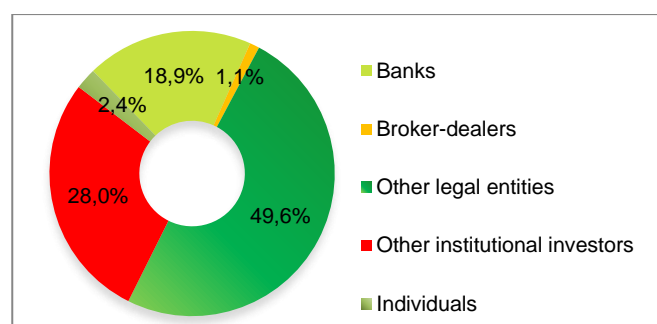
**Table 4: Key bond market trading indicators**

	2020	2021	2022	2023	2024
Trading volume, bn KZT, incl.	2,691.2	1,980.8	2,488.8	2,187.3	4,347.2
- primary market	2,239.4	1,143.7	1,492.2	1,522.4	3,470.3
- secondary market	451.8	837.0	996.7	664.9	876.9
Number of transactions, pcs	3,203	8,839	18,481	44,235	96,772

- primary market	1,033	980	1,978	3,283	5,329
- secondary market	2,170	7,859	16,503	40,952	91,443
Average number of transactions per day, pcs	13	36	75	180	389
Average volume of one transaction, thou. KZT	840,203	224,096	134,671	49,447	44,922

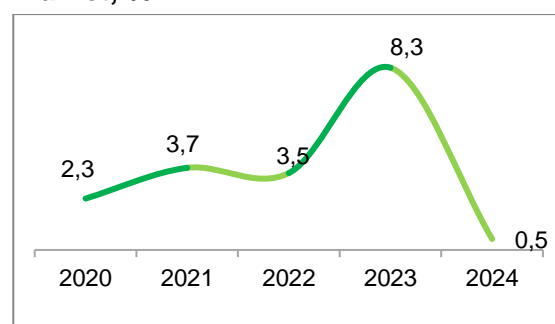
In terms of the main categories of investors on the primary corporate bond market, the share of banks is 18.9 %, broker-dealer organizations – 1.1 %, other institutional investors – 28.0 %, other legal entities – 49.6 %, individuals – 2.4 %. The share of non-residents' participation was 0.5 %.

**Fig. 16 Structure of investors on the primary corporate bond market in 2024\***



*\* of the total gross turnover of trading in corporate bonds on the secondary market, excluding large and irregular transactions*

**Fig. 17 Share of non-residents in the total gross turnover\* of the primary market, %**

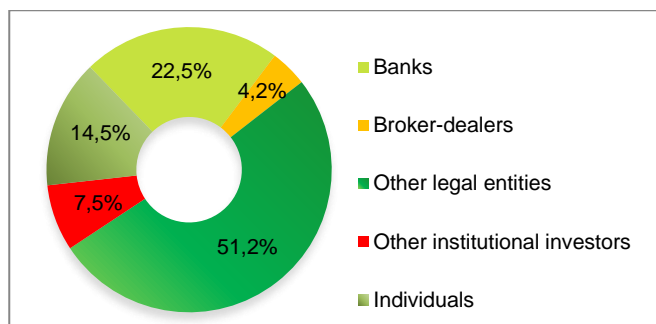


*\* of the total gross turnover of trading in corporate bonds, excluding from the calculation the position of the specialized trading initiator*

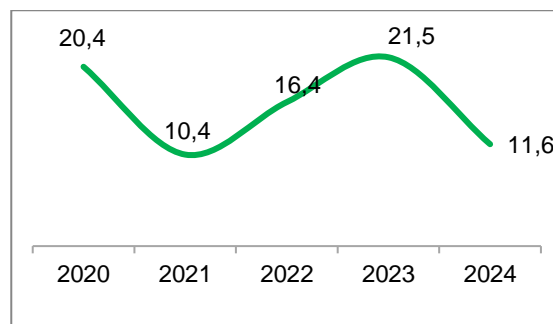
In terms of the main categories of investors on the secondary corporate bond market, the share of banks was 22.5 %, broker-dealer organizations – 4.2 %, other institutional investors – 7.5 %, other legal entities – 51.2 %, share of individuals – 14.5 %. The share of non-residents was 11.6 %.

**Fig. 18 Structure of investors on the secondary corporate bond market in 2024\***

**Fig. 19 Share of non-residents in the total gross turnover\* of the secondary market, %**



*\* of the total gross turnover of trading in corporate bonds on the secondary market, excluding large and irregular transactions*



*\* of the total gross turnover of trading in corporate bonds, excluding from the calculation the position of the specialized trading initiator*

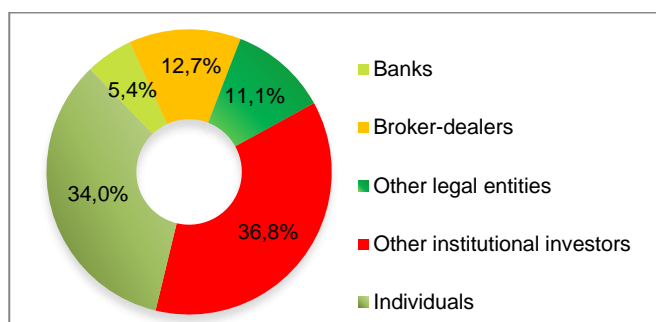
The microlender bond sector is showing significant growth in 2024. The volume of bond trading by microlenders increased by 36.5 % to 207.8 bn KZT. At the same time, 20 issues from 13 issuers were placed on the primary market for a total of 52.7 bn KZT (excluding bonds from the Private Placement sector). On the secondary market, the trading volume increased by 84.2 % to a record 147.0 bn KZT.

As of January 1, 2025, the debt of microlenders amounted to 185.4 KZT. At the same time, the official list of KASE included 88 issues from 31 issuers.

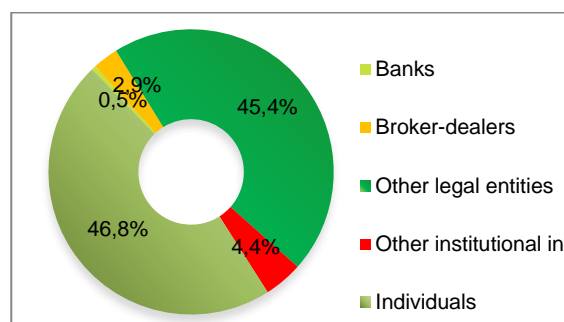
Microlender bonds are most popular among the retail investors and legal entities. In terms of the main categories of investors on the primary market of microlender bonds, the share of banks is 5.4 %, broker-dealer organizations – 12.7 %, other institutional investors – 36.8 %, other legal entities – 11.1 %, individuals – 34.0 %.

In terms of the main categories of investors on the secondary market of microlender bonds, the share of banks was 0.5 %, broker-dealer organizations – 2.9 %, other institutional investors – 4.4 %, other legal entities – 45.4 %, share of individuals – 46.8 %.

**Fig. 20 Structure of investors on the primary market in 2024**



**Fig. 21 Structure of investors on the secondary market in 2024**



In 2024, there was also placement of 5 issues of ESG bonds from 2 issuers for a total of 210.4 bn KZT. In total, as of January 1, 2025, KASE's trading lists included 23 issues of ESG bonds worth 703.0 bn KZT, of which 549.1 bn KZT were placed.

In 2024, 3 issues of SME bonds with a subsidized coupon rate were placed for the amount of 7.6 bn KZT. In total, as of January 1, 2025, KASE's trading lists included 7 issues of SME bonds with a subsidized coupon rate worth 19.6 bn KZT, of which 18.5 bn KZT were placed.

## GOVERNMENT SECURITIES MARKET

*In the government securities sector, the trading volumes on the primary market showed significant growth*

In 2024, the total trading volume on the GS market decreased by 0.8 %, or by 60.2 bn KZT, to 7,952.9 bn KZT.

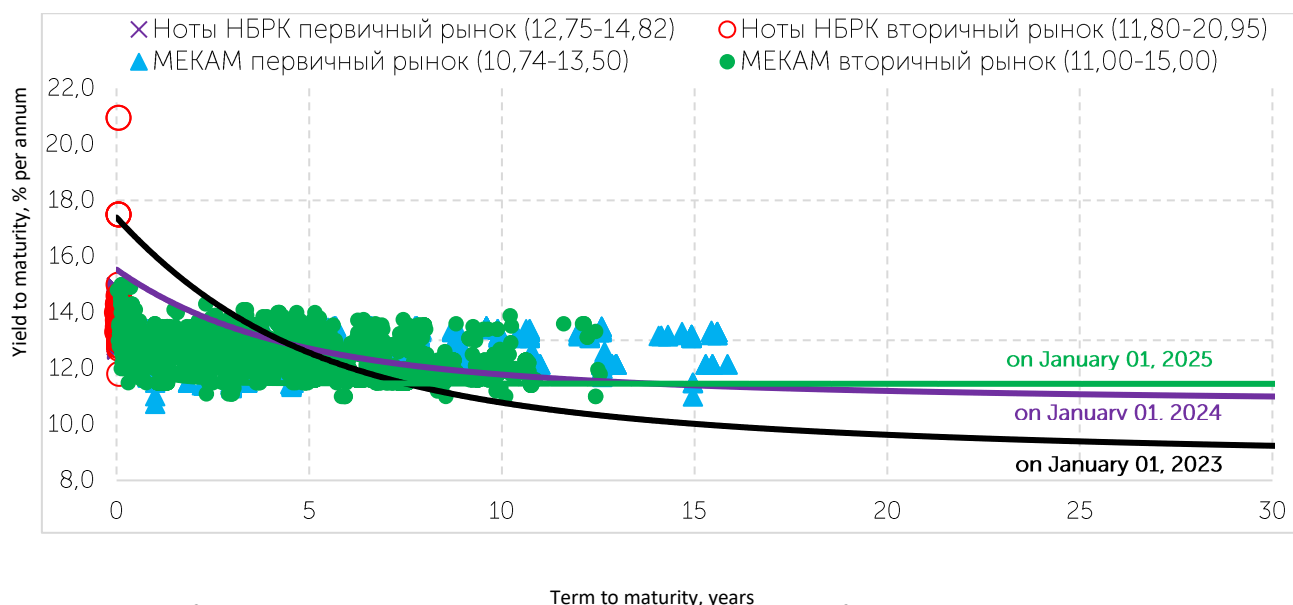
**Table 5: Key government securities market trading indicators**

	2020	2021	2022	2023	2024
Trading volume, bn KZT, incl.	4,650.7	3,575.9	6,004.3	8,013.0	7,952.9
- primary market	3,734.0	2,701.5	4,145.7	5,235.8	6,045.3
- secondary market	916.8	874.4	1,858.7	2,777.2	1,907.6
Number of transactions, pcs	1,859	2,557	3,420	5,344	4,968
- primary market	793	938	812	1,354	1,597
- secondary market	1,066	1,619	2,608	3,990	3,371
Average number of transactions per day, pcs	8	10	14	22	20
Average volume of one transaction, thou. KZT	2,501,735	1,398,478	1,755,650	1,499,445	1,600,817

The trading volume on the primary GS market increased by 15.5 %, or by 809.4 bn KZT, to 6,045.3 bn KZT. Of these, 462.1 bn KZT were raised by akimdiks of 17 regions, the cities of Almaty, Astana and Shymkent. The Ministry of Finance raised 5,583.1 bn KZT with an average weighted yield of 11.38-13.50 % per annum, placing 38 issues with maturities ranging from 9 months to 16 years.

**Fig. 22 Yield of GS in 2024 and GS yield curve**

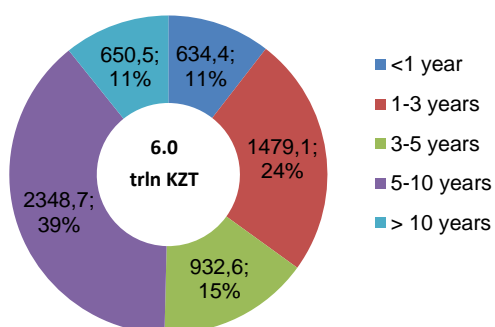
**from 10.74% to 13.50% per annum**



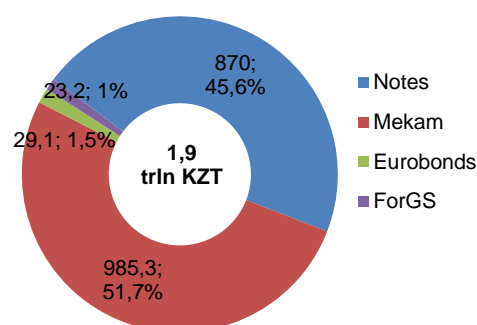
In terms of maturity on the primary market, the share of liabilities with maturity up to 1 year was 10.5 %, the share of liabilities with maturity of 1 to 3 years was 24.5 %, and with maturity of 3 to 5 years was 15.4 %. The share of long-term securities with maturity of 5 to 10 years and over 10 years amounted to 38.9 % and 10.8 %, respectively.

In 2024, the volume of GS trading on the secondary market amounted to 1,907.6 bn KZT, decreasing by 31.3 % compared to 2023. The share of trading in the National Bank notes on the secondary market is 45.6 % or 870.0 bn KZT of the total trading volume, the share of MEKAM is 51.7 % or 985.3 bn KZT, the share of the Republic of Kazakhstan's Eurobonds is 1.5 % or 29.1 bn KZT, and the share of foreign states' GS is 1.2 % or 23.2 bn KZT.

**Fig. 23 Structure of GS placements on the primary market by term to maturity, bn KZT, %**



**Fig. 24 Volume of the secondary GS market on KASE by instruments, bn KZT**

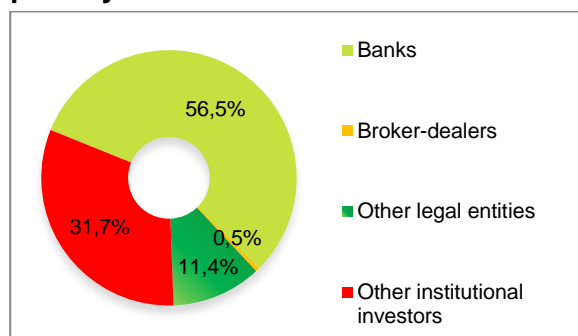


In the structure of investors on the primary GS market in 2024, the share of banks increased from 48.8 % to 56.5 %, and the share of legal entities increased from 8.9 % to

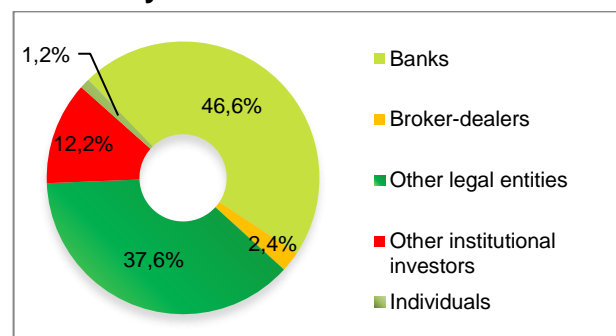
11.4 %. The share of institutional investors decreased from 40.7 % to 31.7 %, and the share of brokers from 1.6 % to 0.5 %.

On the secondary market, the share of banks in the structure of investors increased from 42.4 % to 46.6 %, and the share of institutional investors increased from 7.3 % to 12.2 %. At the same time, the share of brokers decreased from 4.0 % to 2.4 %.

**Fig. 25 Structure of investors on the primary market in 2024**

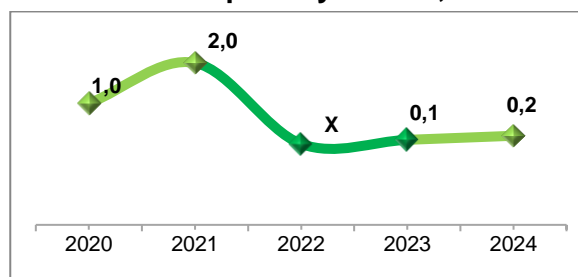


**Fig. 26 Structure of investors on the secondary market in 2024**

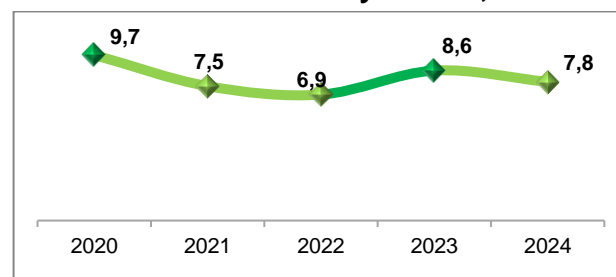


The volume of non-residents' trading on the secondary market on the buyer's side in 2024 decreased by 3 times to 125.1 bn KZT compared to 376.2 bn KZT in 2023. The share of non-residents on the secondary market decreased from 8.6 % to 7.8 %.

**Fig. 27 Share of non-residents in gross turnover of the primary market, %**



**Fig. 28 Share of non-residents in gross turnover of the secondary market, %**



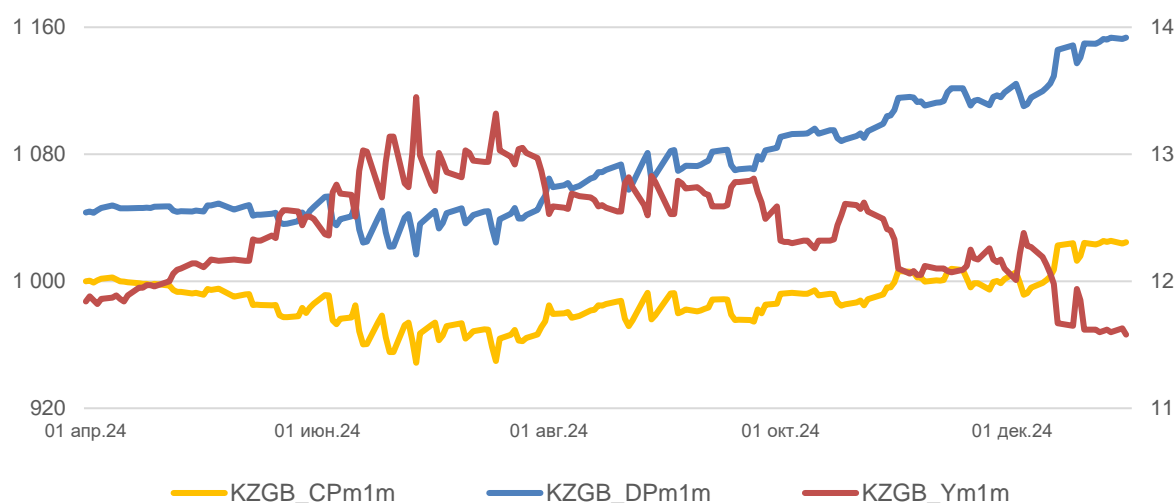
On April 1, 2024, KASE began calculating and publishing a series of fixed-list GS market indexes that include:

- KZGB\_CPM1m (more than one month) – price index of net GS prices with maturity of 31 days or more, calculated based on prices excluding accrued and unpaid coupon interest;
- KZGB\_DPM1m – price index of the total GS yield (taking into account the accrued and paid coupon payment) with maturity of 31 days or more;

- KZGB\_Ym1m – yield indicator, in percentage per annum;
- index duration, in years;
- modified index duration.

The dynamics of these indicators demonstrate a decrease in yield and an increase in prices for GS in the second half of 2024.

**Fig. 29. Dynamics of fixed-list GS market indexes, %**



*Source: KASE*

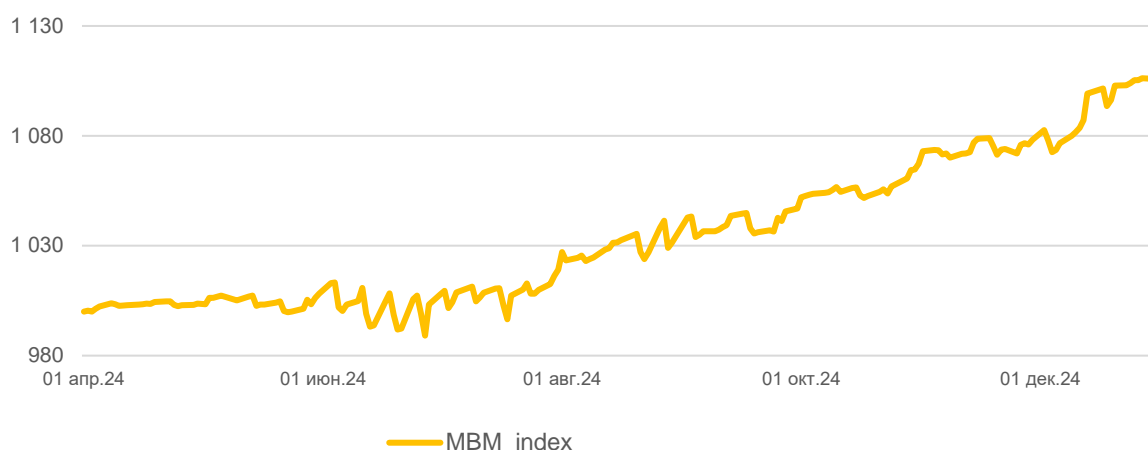
On April 22, 2024, KASE began calculating and publishing a composite index of the money market and the GS market – MBM\_index (Money and Bond Market Index), which reflects:

- dynamics of the benchmark portfolio with money market (TCI) weighting 25 % and total income index (KZGB\_DPm1m) weighting 75 %;
- index duration, in years;
- modified index duration.

Dynamics of the MBM\_index also demonstrate the above trend of decreasing yields on the money market and on GS in the second half of 2024.



**Fig. 30. Dynamics of the composite index of money and GS markets, MBM\_index (Money and Bond Market Index), %**



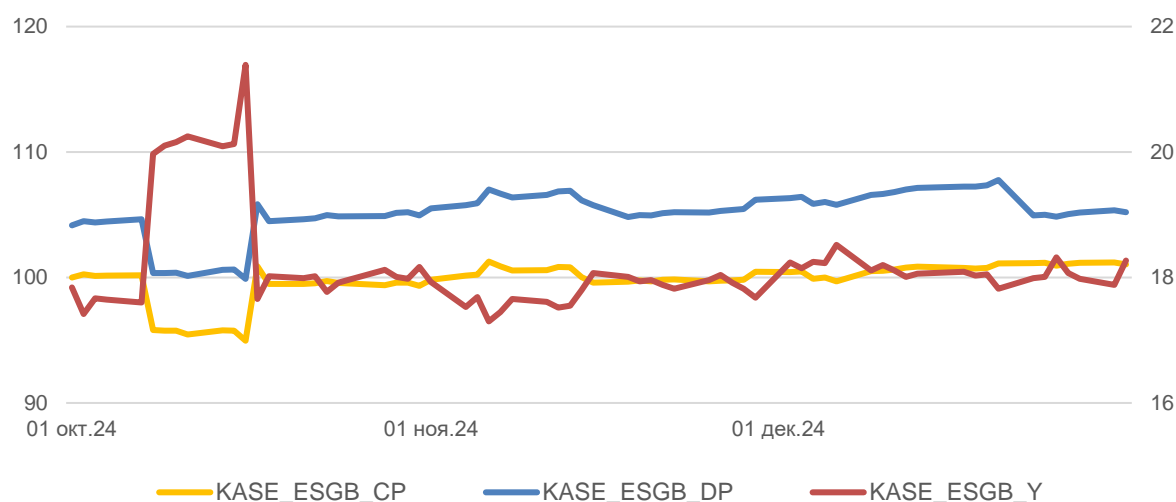
Source: KASE

On October 1, 2024, KASE began calculating and publishing the ESG indexes, which include:

- KASE\_ESGB\_CP – index of clean prices reflecting changes in value of sustainable development bonds aimed at financing the projects in the field of ecology, environmental protection and socially significant projects (ESG bonds), calculated at prices excluding accrued and unpaid coupon interest, %;
- KASE\_ESGB\_DP – index of dirty prices reflecting changes in the value of ESG bonds, calculated based on prices taking into account the accrued coupon interest and reinvested coupon payment, %;
- KASE\_ESGB\_Y – ESG bond index yield indicator (in percentage per annum);
- ESG bond index duration (in years).

The ESG index dynamics show an increase in yields and a decrease in prices for ESG bonds in October 2024.

**Fig. 31. Dynamics of ESG indexes, %**



Source: KASE

### KASE GLOBAL

*In the KASE Global foreign securities sector, the trading volume increased by 27.5 % to 46.6 bn KZT*

At the end of December 2024, the KASE Global sector contained 47 items of shares and 13 ETFs of foreign issuers. In 2024, ALPHABET INC., ORACLE CORPORATION, Invesco QQQ Trust and iShares 20+ Year Treasury Bond ETF were included in the KASE Global sector.

By the end of 2024, 123,737 transactions were concluded in the KASE Global sector for a total of 46.6 bn KZT. The average daily trading volume was 187.1 mln KZT, the average daily number of transactions was 497, the average volume of one transaction was 376.5 thou. KZT.

The largest number of transactions in the KASE Global sector in 2024 were made with the following shares:

- ProShares Bitcoin Strategy ETF (BITO\_KZ) – 13,177 trades totaling 3.0 bn KZT
- Intel Corporation (INTC\_KZ) – 13,067 transactions for a total of 1.9 bn KZT;
- NVIDIA Corp. (NVDA\_KZ) – 13,046 transactions for a total of 7.4 bn KZT.

Among the main categories of investors, individuals accounted for 50.9 %, broker-dealer organizations accounted for 31.6 %, banks accounted for 0.1 %, other legal entities accounted for 17.4 %. The share of non-residents is 0.6 %.

## Securities of international financial organizations

*The number of securities of international financial organizations on the official list is growing*

As of the end of 2024, KASE's trading lists included 59 bond issues of seven international financial organizations: 21 issues of the Eurasian Development Bank, 15 issues of the European Bank for Reconstruction and Development, 11 issues of the Asian Development Bank, five issues of the International Bank for Reconstruction and Development, four issues of the International Finance Corporation (IFC), two issues of the European Investment Bank and one issue of the Islamic Corporation for the Development of the Private Sector.

In 2024, 26 bond issues of six international financial organizations were included in the official list: nine issues of the Eurasian Development Bank, six issues of the International Bank for Reconstruction and Development, four issues of the European Bank for Reconstruction and Development, three issues each of the Asian Development Bank and the European Investment Bank, and one issue of the International Finance Corporation.

In 2024, the trading volume in this sector amounted to 254.4 bn KZT, decreasing by 24.5 % or 82.7 bn KZT. The number of transactions decreased from 473 to 270.

In 2024, 16 issues of two international financial organizations were placed on the primary market of the international financial organizations bond sector for a total of 219.3 bn KZT, which is 21.7 % or 60.9 bn KZT lower than in 2023.

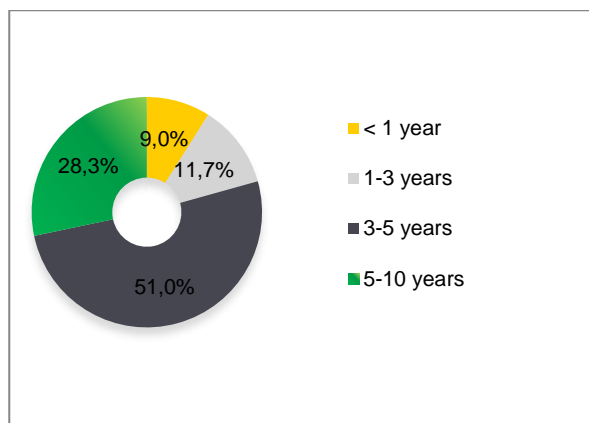
On the secondary market, the trading volume amounted to 35.0 bn KZT, decreasing by 38.4 % or 21.8 bn KZT compared to 2023.

In terms of the main categories of investors in 2024, the share of banks on the primary market was 54.6 %, broker-dealer organizations – 2.0 %, other institutional investors – 33.2 %, other legal entities – 10.0 % and individuals – 0.2 %. The share of non-residents was 0.5 %.

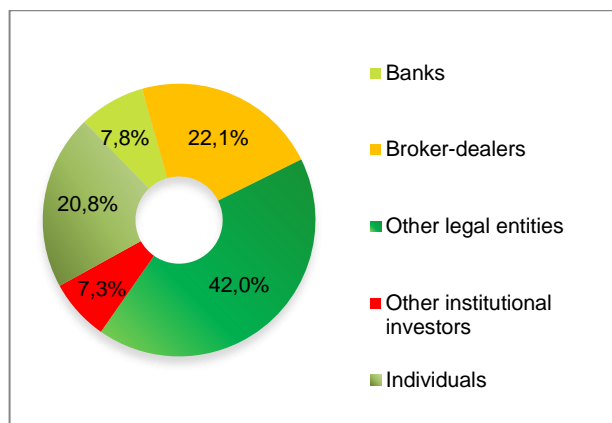
In terms of the main categories of investors on the secondary market in 2024, banks accounted for 7.8 %, broker-dealer organizations accounted for 22.1 %, other institutional investors accounted for 7.3 %, other legal entities accounted for 42.0 %, and individuals accounted for 20.8 %. Participation of non-residents is estimated at 26.7 %.

**Fig. 32. Debt structure of IFO bonds in circulation by terms to maturity\***

**Fig. 33. Structure of investors on the secondary market in 2024\***



\* the data presented as of January 1, 2025, at par value



\* of the total gross turnover of trading in MFO bonds, excluding from the calculation the position of the specialized trading initiator

## INVESTMENT FUND SECURITIES

*Retail investors are the most active in the investment fund securities sector*

As of January 1, 2025, the Investment Fund Securities sector contained 17 mutual investment fund instruments managed by five management companies and six ETFs.

In 2024, the trading volume of these instruments amounted to 11.9 bn KZT, decreasing by 16.8 % or 2.4 bn KZT compared to 2023. CenterCredit-Valutny IMIF managed by BCC Invest JSC and the SPDR Bloomberg Barclays 1-3 Month T-Bill ETF managed by SSGA Funds Management, Inc. had accounted for the largest trading volume.

**Table 6: Investment fund securities trading volume in 2024**

	Trading volume, mln KZT	No. of transaction s	No. of units
BCCI_cc	4,688	287	91,758
US_BIL_	4,571	201	108,459
US_SPY_	900	1,590	3,319
FIN_or	602	781	8,433
BCCIrb	354	27,387	61,045,938
FHJlag	198	1,231	431
CSECfe	146	137	32
IE_FXBF	89	2,594	31,031
FHJlds	68	5,518	5,760
HFINhv	56	11	115
FHJlhm	54	3,214	3,009

US_GLD_	40	171	354
US_ICLN	39	717	6,254
CSECgm	31	15	12
FHJlpc	17	316	35
US_PHO_	7	17	225
FFINgw	3	130	513
BCCIbe	1	53	575
HFINhs	1	10	9
HFINhp	<0.1	4	2
HFINhl	<0.1	3	<0.1
CSEctf	<0.1	2	<0.1
<b>Grand total</b>	<b>11,864</b>	<b>44,389</b>	<b>61,306,263</b>

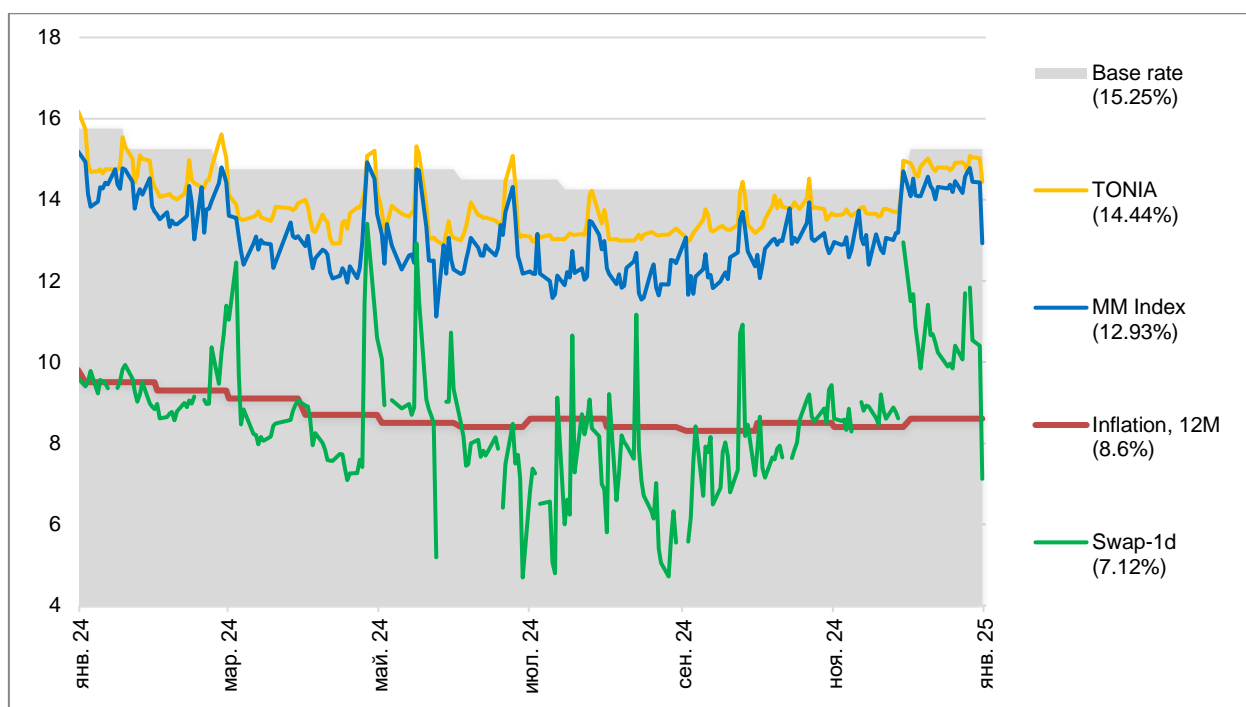
In terms of the main categories of investors, 51.9 % are individuals, 33.2 % are broker-dealer organizations, and 14.9 % are other legal entities. The share of non-residents was 17.6 %.

### Money market

The total volume of trading on the money market amounted to 338.1 trln KZT, down 8.6 %, or 31.9 trln KZT, compared to last year.

During 2024, the need for short-term liquidity continued to decline amid the continuing downward trend in inflation. Until July 2024, the National Bank of the Republic of Kazakhstan reduced the base rate from 15.75 % to 14.25 %. Following the reduction of the base rate of the National Bank of the Republic of Kazakhstan, money market indicators also declined. The TONIA indicator fell from 16.19 % to 12.88 %, and the composite money market indicator MM\_Index, which is a transactions volume weighted average value of the yield on USD/KZT currency swap operations and automatic GS repo operations, opened for one business day, decreased from 15.19 % per annum to 11.12 % per annum. At the same time, at the end of 2024, due to volatility of the KZT exchange rate on the foreign exchange market, the National Bank of the Republic of Kazakhstan increased the base rate by 1.00 % to 15.25 %. The money market indicators also rose following the base rate. The TONIA indicator increased to 14.44 %, and the composite money market indicator MM\_Index increased to 12.93 %.

**Fig. 34. Inflation and interest rates**



*In the structure of repo operations, the main share falls on GS auto repo operations*

The total volume of repo operations in 2024 amounted to 261.6 trln KZT, which is 45.0 trln KZT, or 14.7 %, less than in 2023.

The average daily volume of operations amounted to 1,050.4 bn KZT, the average daily number of daily transactions was 755, the average volume of one transaction was 1,390.4 mln KZT. In the structure of repo operations, 74.1 % were GS auto repo operations, 25.7 % were NGS auto repo, 0.1 % were direct NGS repo, less than 0.01 % were direct GS repo. 161 auto repo transactions with GCC were concluded for 210.4 bn KZT, exceeding the previous year's figure by 208.9 bn KZT.

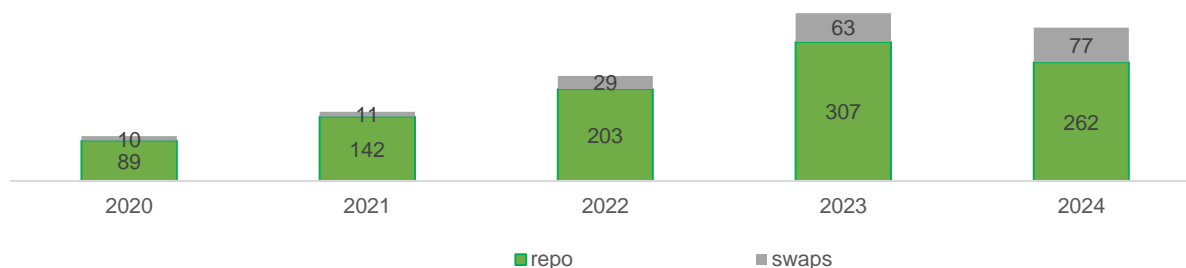
At the end of 2024, the TONIA indicator fell by 175 bps from 16.19 % to 14.44 % per annum, the TRION indicator fell by 185 bps from 16.19 % to 14.34 % per annum, and the TWINA indicator fell by 66 bps from 15.50 % to 14.84 % per annum.

In the structure of repo transactions, the share of operations involving the Central Counterparty is 97.6 %. In previous years the share of operations involving the Central Counterparty has been constantly growing. In 2020, the share of repo transactions with the CCP was 34.1 %, in 2021 – 84.3 %, in 2022 – 93.9 %, in 2023 – 97.9 %.

### The volume of currency swap operations continues to grow

In 2024, the total volume of currency swap operations increased by 20.6 %, or 13.1 trln KZT, to 76.5 trln KZT from 63.5 trln KZT in 2023:

**Fig. 35. Change in the volume of repo swap transactions in 2019-2024, bn KZT**



The average daily volume of operations in 2024 amounted to 307.6 bn KZT, the average daily number of transactions was 63, the average volume of one transaction was 4.9 bn KZT.

**Table 7. Swap market transactions by instruments in 2024**

Currency pair	Instrument	Volume, bn KZT	Volume, mln currency units	Share in trading volume, %
USD/KZT	USDKZT_0_001	26,080.0	55,727.7	34.1 %
	USDKZT_0_002	47,158.2	101,250.7	61.6 %
	USDKZT_0_01W	126.1	268.5	0.2 %
	USDKZT_0_01M	12.1	25.1	<0.1 %
	USDKZT_0_03M	22.4	50.0	<0.2 %
	USDKZT_1_001	2,303.3	4,598.5	3.0 %
EUR/KZT	EURKZT_0_001	0.7	1.5	<0.1 %
	EURKZT_0_002	235.0	479.0	0.3 %
	EURKZT_1_001	9.5	18.1	<0.1 %
RUB/KZT	RUBKZT_0_001	49.3	9,430.5	0.1 %
	RUBKZT_0_002	326.6	66,700.0	0.4 %
	RUBKZT_1_001	122.8	23,817.05	0.2 %
EUR/USD	EURUSD_0_001	0.1	0.1	<0.1 %
	EURUSD_1_001	132.5	247.9	0.2 %
CNY/USD	CNYUSD_0_001	0.4	6.0	<0.1 %

Currency pair	Instrument	Volume, bn KZT	Volume, mln currency units	Share in trading volume, %
	CNYUSD_0_002	2.2	32.0	<0.1 %

In the currency swap structure, USDKZT swaps accounted for 75,702.1 bn KZT or 98.9 % of the swap trading volume; RUBKZT accounted for 498.7 bn KZT or 0.7 %; EURKZT accounted for 245.3 bn KZT or 0.3 %; EURUSD accounted for 132.6 bn KZT or 0.2 %; CNYUSD for 2.6 bn KZT or less than 0.1 %.

The yield on the one-day dollar swap SWAP-1D (USD) fell by 248 bps during 2024 from 9.60 % per annum to 7.12 % per annum. The yield on the two-day currency swap SWAP-2D (USD) decreased by 291 bps from 11.98 % per annum to 9.07 % per annum.

### Foreign exchange market

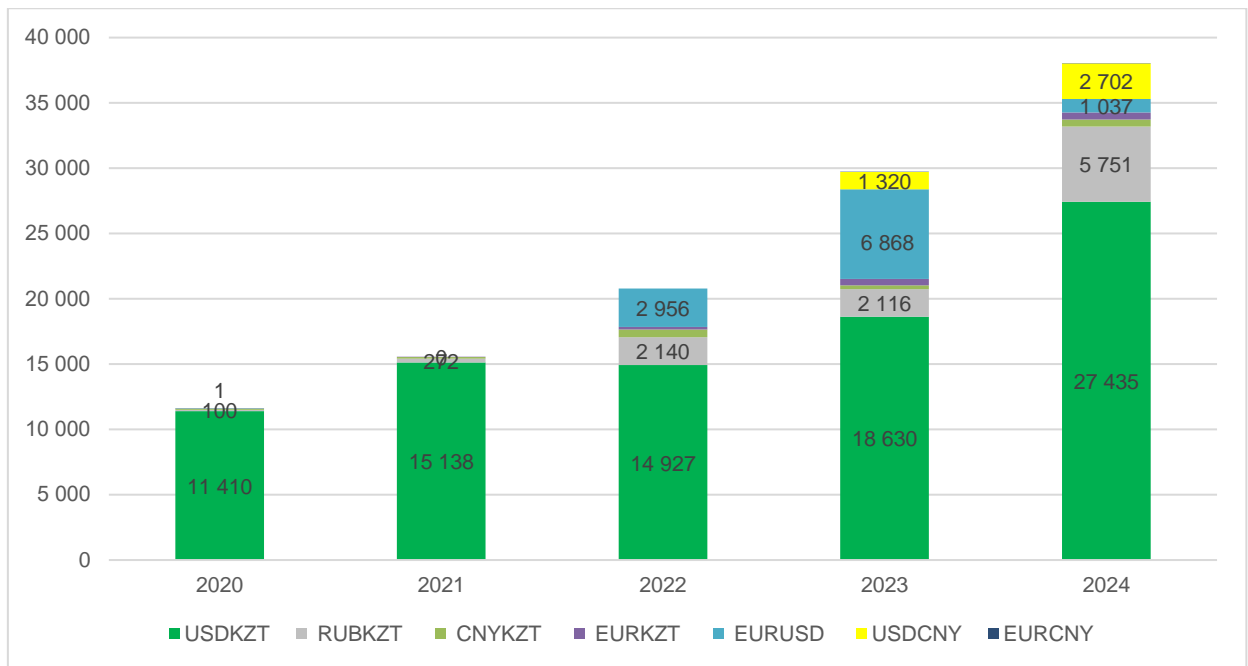
Trading volume on the foreign exchange market continues to grow. The main share still falls on the USD/KZT currency pair with increasing trading volumes of the RUBKZT, EURKZT, CNYKZT, USDCNY, EURCNY currency pairs.

In 2024, the trading volume on the foreign exchange market amounted to 38.0 trln KZT, which is 28.0 % or 8.3 trln KZT higher than in 2023.

The USDKZT trading share in the total foreign currency volume increased from 62.7 % to 72.2 %, while the currency pair's trading volume increased by 47.3 % to 27.4 trln KZT. The share of RUBKZT pair increased from 7.1 % to 15.1 % with the trading volume of this currency pair more than doubling and growing by 3.6 trln KZT to 5.8 trln KZT. The share of CNYKZT pair increased to 1.4 %, while the trading volume grew by 89.2 % to 538.8 bn KZT. The share of EURKZT pair decreased from 1.7 % to 1.4 %. The currency pair's trading volume increased by 11.3 % to 548.7 bn KZT. The share of EURUSD pair decreased from 23.1 % to 2.7 %. The EURUSD currency pair's trading volume decreased by 84.9 % to 1.0 trln KZT. The share of USDCNY pair trading in the total volume of foreign currency trading increased from 4.4 % to 7.1 %, the share of EURCNY trading was less than 0.1 %. The USDCNY and EURCNY trading volume also increased to 2.7 trln KZT and 6.0 bn KZT, respectively.

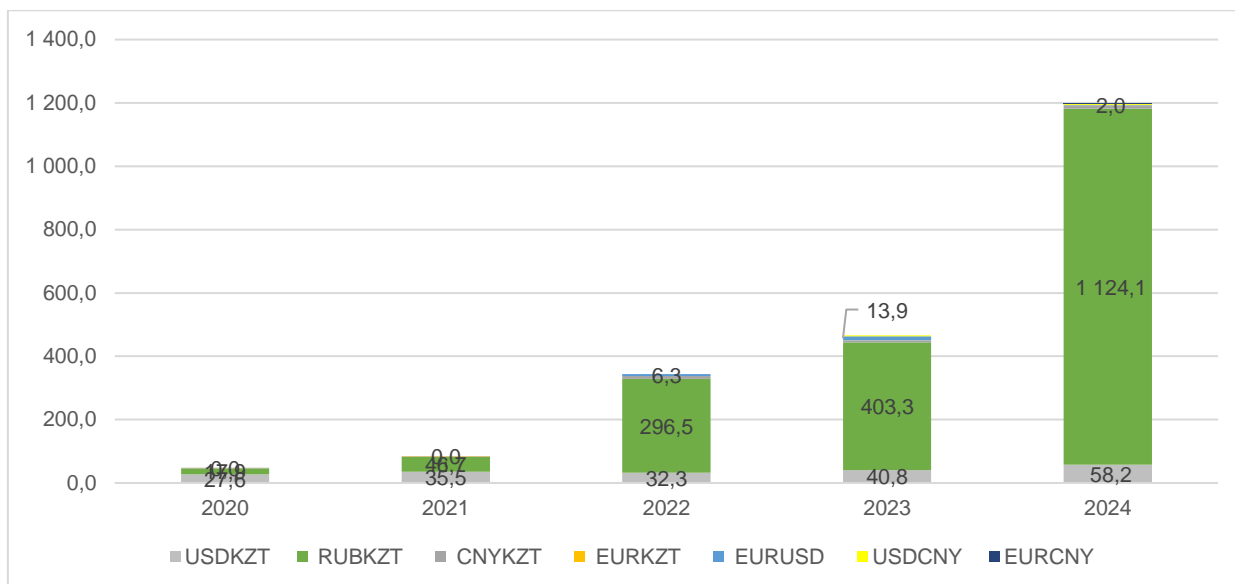
**Fig. 36. Foreign currency trading volume, bn KZT**





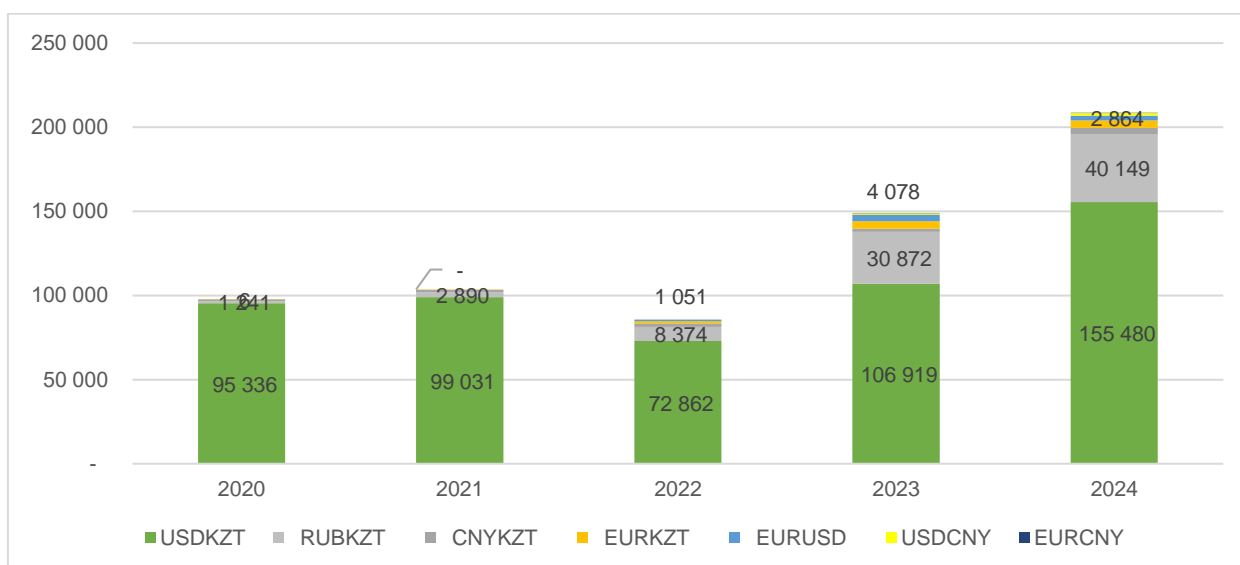
In 2024, the number of instruments on the foreign exchange market exceeded the 2023 value by 2.6 times and reached 1.2 trln currency units. Of the total volume, the number of dollars purchased in 2024 amounted to 58.2 bn units, rubles – 1,124.1 bn units, yuan – 8.1 bn units, euros – 1.1 bn units. The number of euro units purchased for dollars was 2.0 bn. The number of dollar units purchased for yuan was 5.9 bn. The number of euros purchased for yuan was 12 mln units.

**Fig. 37. Number of currency units, bn units**



The number of transactions on the currency market increased from 148.9 thou. to 208.5 thou. 155,480 transactions (74.6 %) were concluded with the USDKZT pair, 40,149 transactions (19.3 %) with RUBKZT, 4,085 transactions (2.0 %) with CNYKZT, 4,342 transactions (2.1 %) with EURKZT, 2,864 transactions (1.4 %) with EURUSD, 1,559 transactions (0.7 %) with USDCNY, 20 transactions (0.01 %) with EURCNY.

**Fig. 38. Number of currency transactions**



## Derivatives market

By the end of 2024, this sector of the exchange market has available for trading the non-deliverable futures on the USD/KZT exchange rate, the RUB/KZT exchange rate, common shares of Halyk Savings Bank of Kazakhstan JSC, common shares of NAC Kazatomprom JSC and KASE Index.

In total, 4 transactions worth 34 thou. KZT were concluded on the derivatives market in 2024. The transactions concerned futures on the RUB/KZT exchange rate, common shares of Halyk Savings Bank of Kazakhstan JSC and KASE Index.

### Operating and financial results

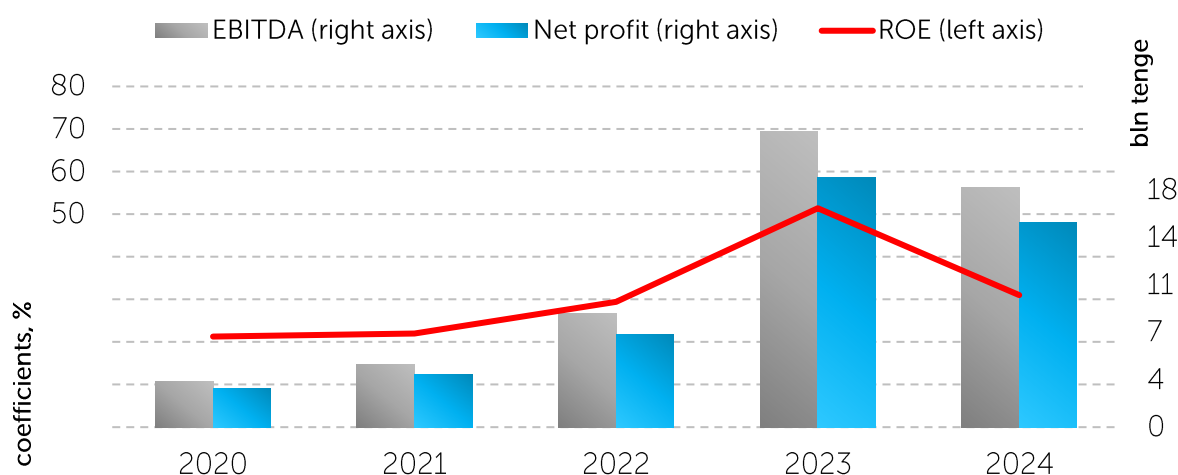
As of December 31, 2024, the assets of KASE, according to the audited consolidated financial statements for 2024, decreased by 2 % compared to 2023 and amounted to KZT 3,155.3 bn. Financial assets of the central counterparty amounted to KZT 2,866.9 bn, cash and cash equivalents – KZT 195.5 bn, financial assets measured at amortized cost – KZT 52.7 bn, and reverse REPO operations – KZT 30.6 bn.

### Liabilities and equity

The total amount of liabilities stood at KZT 3,103.8 bn, of which 92% or KZT 2,866.9 bn represented financial liabilities of the central counterparty, and 8% or KZT 235.4 bn consisted of guarantee contributions and collateral of clearing participants held in KASE accounts as the central counterparty.

Equity for the reporting year reached KZT 51.4 bn, mainly due to retained earnings (KZT 42.4 bn). The charter capital of KASE as of the end of 2024 amounted to KZT 4.2 bn and remained unchanged compared to the previous year.

**Fig. 30. Key profitability indicators**



Source: KASE

## Income

According to the audited consolidated financial statements for 2024, KASE's operating income amounted to KZT 25.9 billion, which is KZT 1.4 billion or 5% lower than the previous year's result. Commission income totaled KZT 9.9 billion, increasing by KZT 1.8 billion or 22%. Interest income decreased by KZT 3.4 billion or 18% and amounted to KZT 15.8 billion.

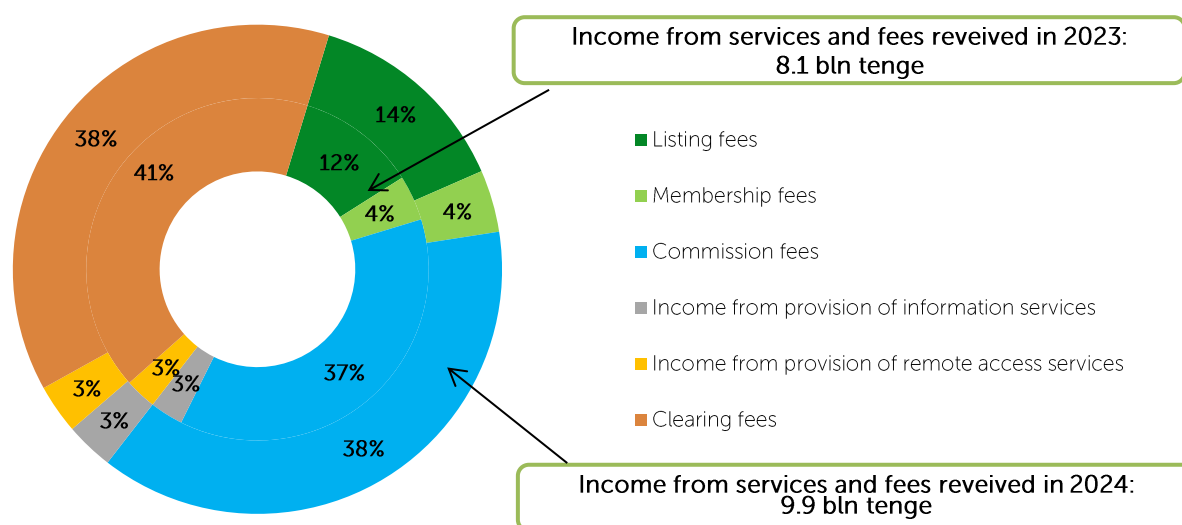
In the structure of commission income, the largest shares came from clearing fees (38%), trading commission fees (38%), and listing fees (14%). Smaller portions were contributed by membership fees (4%), information service fees (3%), and remote access service fees (3%).

Trading commission fees amounted to KZT 3.8 billion, increasing by KZT 0.8 billion or 25%. The growth compared to the same period of the previous year was driven by a rise in the volume of primary placements in the corporate bond market.

Listing fees increased by KZT 0.4 billion or 48% in 2024, reaching KZT 1.4 billion.

Clearing fees rose by KZT 0.4 billion or 12% to KZT 3.8 billion. Membership fee income increased by KZT 0.04 billion or 11% compared to 2023, amounting to KZT 0.4 billion. Income from information services grew by KZT 0.1 billion or 31% compared to 2023 and totaled KZT 0.32 billion.

**Fig. 31. Income structure by main services**



Source: KASE

## **Expenses**

According to the audited consolidated financial statements for 2024, KASE's expenses amounted to KZT 8.1 billion, which is an increase of KZT 2.1 billion or 34% compared to the previous year.

In the structure of KASE's expenses, the largest shares were personnel expenses (60%), depreciation and amortization (11%), and maintenance of fixed assets (7%). The growth in personnel expenses was due to an increase in headcount.

## **Operating results**

Based on the results of 2024, KASE's net profit amounted to KZT 15.4 billion, having decreased by KZT 3.1 billion or 17% compared to 2023. The Exchange's operating income declined by 5%, while operating expenses increased by 42%.

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# CORPORATE REPORT

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## **Corporate governance**

### **Information about KASE shareholders**

As of January 1, 2025, the total number of authorized common shares of the Exchange amounted to five mln, of which 1,075,231 common shares were placed, with 106 persons being shareholders, including banks, brokerage and insurance organizations, retail investors – individuals, the National Bank owned a share of 46.99 % of the total number of placed common shares of the Exchange.

As of June 1, 2024, Moscow Exchange PJSC (hereinafter, MOEX) owned 13.1 % of the outstanding KASE shares.

Due to introduction of blocking sanctions against MOEX by OFAC (Office of Foreign Assets Control, US Treasury Department) on June 12, 2024, MOEX withdrew from the list of KASE shareholders as of October 11, 2024.

KASE has terminated its relations with MOEX, which were based on the Strategic Cooperation Agreement signed by the exchanges on October 10, 2018, and the related agreements.

MOEX representative Vladimir Krekoten left KASE's Board of Directors based on his notice of early resignation from September 30, 2024.

### **General Meeting of Shareholders and Board of Directors of KASE**

In accordance with the legislation of the Republic of Kazakhstan, the general meeting of shareholders is the supreme governing body of the Exchange. The list of issues under the competence of the general meeting of shareholders is determined by the Republic of Kazakhstan's Act "On Joint-Stock Companies" and the Exchange's charter.

The Board of Directors is the management body of the Exchange and carries out general management of the Exchange's activities, with the exception of decisions on the issues put by the Republic of Kazakhstan's Act "On Joint-Stock Companies" and/or the Exchange's charter under the exclusive competence of the general meeting of the Exchange shareholders.

During the period from January 1 to May 30, 2024, the Board of Directors included:

representatives of the National Bank and the authorized body based on the Republic of Kazakhstan's Act "On the Securities Market":

- **Aliya Moldabekova** (Chairperson of the Board of Directors) – Deputy Chairperson of the National Bank of the Republic of Kazakhstan;
- **Mariya Hajiyeveva** – Deputy Chairperson of the Agency for Regulation and Development of the Financial Market;

head of the executive body based on the Exchange's charter:

- **Alina Aldambergen** – Chairperson of KASE's Management Board;

elected members of the management body based on the Republic of Kazakhstan's Act "On Joint-Stock Companies":

- **Yeldar Abdrazakov** – member of KASE's Board of Directors;
- **Aleksandr Dronin** – member of KASE's Board of Directors;
- **Askar Yelemessov** – independent director of KASE;
- **Doron Israeli** – independent director of KASE;
- **Igor Marich** – member of KASE's Board of Directors;
- **Yertai Salimov** – member of KASE's Board of Directors;
- **Jan Willems** – independent Director of KASE.

In May 2024, decision of the annual general meeting of shareholders determined a new number of members of the Board of Directors, consisting of ten people, including:

- three non-elected members of the Board of Directors – a representative of the authorized body for regulation, control and supervision of the financial market and financial organizations and a representative of the National Bank of the Republic of Kazakhstan based on paragraph 4 of Article 84 of the Republic of Kazakhstan's Act "On the Securities Market", as well as the Chairperson of the Exchange's Management Board (ex officio) based on subparagraph 2) of paragraph 3 of Article 17 of the Exchange's charter;
- four representatives of interests of the Exchange shareholders;

- three independent directors of the Exchange.

The same decision determined that:

- the term of office of the elected members of the Board of Directors commences on the date of their election and expires at the time of the annual general meeting of the Exchange shareholders, which will be devoted to consideration of the Exchange's 2026 annual financial statements;
- Y. Abdrazakov, Y. Birtanov, V. Krekoten (*resigned from the Board of Directors from September 30, 2024*), Y. Salimov are elected as members of the Board of Directors representing interests of the Exchange shareholders and J. Willems, D. Israeli, A. Yelemessov as independent directors of the Exchange.

*Composition of KASE's Board of Directors as of January 1, 2025:*

representatives of the National Bank and the authorized body based on the Republic of Kazakhstan's Act "On the Securities Market":

- **Aliya Moldabekova** (Chairperson of the Board of Directors) – Deputy Chairperson of the National Bank of the Republic of Kazakhstan;
- **Mariya Hajiyeva** – Deputy Chairperson of the Agency for Regulation and Development of the Financial Market;

head of the executive body based on the Exchange's charter:

- **Alina Aldambergen** – Chairperson of KASE's Management Board;

elected members of the management body based on the Republic of Kazakhstan's Act "On Joint-Stock Companies":

- **Yeldar Abdrazakov** – Chairman of the Board of Directors of Centras Securities JSC; Insurance Company "Centras Insurance" JSC, Insurance Company "Kommesk-Omir" JSC, Life Insurance Company "Centras Kommesk Life" JSC;
- **Yeszhan Birtanov** – Chairman of the Board of Directors of TANSAR CAPITAL JSC;
- **Askar Yelemessov** – independent director of KASE, member of the Board of Directors – independent director of Bereke Bank JSC, member of the Board of Directors – independent director of Unified Accumulative Pension Fund JSC, member of the Board of Directors – independent director of Samanea Limited, member of the Board of Directors – independent director of SkyBridge Invest JSC.



- **Doron Israeli** – independent director of KASE, Professor of the Graduate School of Business, Nazarbayev University.
- **Yertai Salimov** – Deputy Chairman of the Management Board of Halyk Bank JSC, Chairman of the Supervisory Board of Kazkommertsbank Tajikistan CJSC, member of the Board of Directors of Halyk Bank Subsidiary "Halyk Finance" JSC.
- **Jan Willems** – independent director of KASE, Executive Director, Head of Global Markets Products Department at Clearstream Banking, Luxembourg.



Алдамберген Алина  
Өтемісқызы



Абдразаков Ельдар Советович



Биртанов Есжан Амантаевич



Дорон Израэли



Елемесов Аскар Раушанұлы



Молдабекова Алия  
Мейрбековна



Салимов Ертай Исмаилович



Хаджиева Мария Жамаловна



Ян Виллемс

In 2024, meetings of the Board of Directors were held on a regular basis in person and in absentia.

During the reporting period, the Board of Directors considered the strategic and current issues of the Exchange's activities within its competence. 15 in-person meetings of the Board of Directors and 24 absentee voting were held.

In accordance with the Republic of Kazakhstan's Act "On Joint-Stock Companies", the following committees of the Board of Directors and commissions of the Exchange operate at the Exchange to consider the most important issues and prepare recommendations for the Board of Directors:

- the Board of Directors' Budgeting and Strategic Planning Committee;
- the Board of Directors' Internal Audit Committee;
- the Board of Directors' Committee for Personnel, Remuneration and Social Issues.

In accordance with the Requirements for organizational structure of the trading organizer and composition of the listing commission of the stock exchange, as well as the Rules for activities of the trading organizer's structural unit supervising transactions in the trading system of the stock exchange, approved by resolution No. 249 of the Board of the National Bank of the Republic of Kazakhstan dated December 19, 2015, the Exchange has:

- Listing commission;
- the Board of Directors' Committee for Issuer Audit.

In accordance with the Procedure for resolving the disputes and conflicts arising in the process of transactions with financial instruments, approved by decision of the Board of Directors, the Dispute and Conflict Resolution Commission is in place.

The procedure for formation and work of committees of the Board of Directors and commissions of the Exchange, their number, as well as their competences, functions and quantitative composition are governed by the Exchange's internal documents approved by the Board of Directors.

In 2024, the following was held:

- 12 meetings of the Exchange's Board of Directors' Budgeting and Strategic Planning Committee;
- 10 meetings of the Exchange's Board of Directors' Committee for Personnel, Remuneration and Social Issues;
- 14 meetings of the Exchange's Board of Directors' Internal Audit Committee;
- 6 meetings of the Listing Commission, as well as 47 absentee voting of this commission;
- 6 meetings of the Board of Directors' Committee for Issuer Audit.

The Exchange's Board of Directors' Budgeting and Strategic Planning Committee included as experts the representatives of the Agency for Regulation and Development of the Financial Market, as well as of the National Bank of the Republic of Kazakhstan.

In its activities, the Board of Directors is guided by the goals and objectives provided in the Exchange's Corporate Governance Code, the Exchange's Charter, the Regulation on the Board of Directors and carries out its functional duties to achieve positive results in the Exchange's activities.

### **The Exchange's Management Board**

The Management Board is the collegial executive body of the Exchange and manages the Exchange's current activities, with the exception of issues put by the Republic of Kazakhstan's Act "On Joint-Stock Companies" and the Exchange's Charter under the exclusive competence of the general meeting of shareholders and/or the Board of Directors of the Exchange.

On June 29, 2023, a decision of KASE's Board of Directors extended the term of office of the following members of the Management Board until July 1, 2026:

- A. Aldambergen, Chairperson of the Management Board;
- Y. Mazhekenov, Deputy Chairman of the Management Board;
- Z. Sarzhakov, Deputy Chairman of the Management Board;
- N. Khoroshevskaya, Deputy Chairperson of the Management Board (removed from the Management Board from August 8, 2023, following decision of the Board of Directors due to transfer to another job);
- A. Tsalyuk, Deputy Chairman of the Management Board.

In 2024, by decisions of the Board of Directors, the following changes were made to the composition of KASE's Management Board:

from January 13, 2024, the powers of the Deputy Chairman of KASE's Management Board A. Tsalyuk were terminated early on his own initiative;

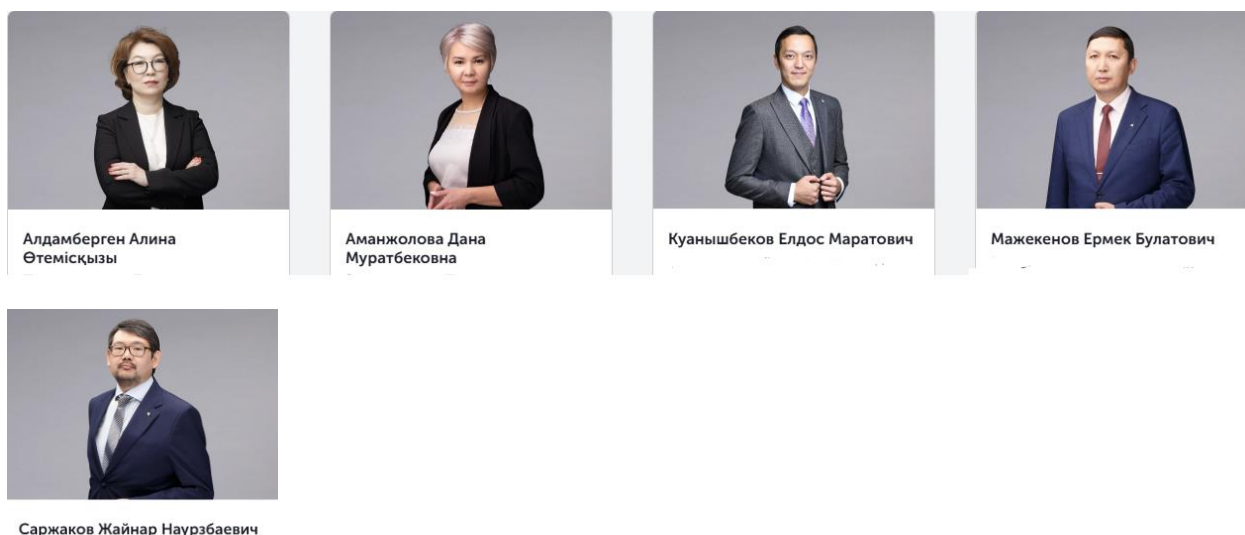
from January 22, 2024, according to decision of the Board of Directors, the composition of the Exchange's Management Board changed as follows:

- D. Amanzholova, Managing Director of KASE, member of the Management Board, has been appointed as Deputy Chairperson of KASE's Management Board. The term of office of D. Amanzholova is defined similarly to the term of office of the Management Board as a whole – until July 1, 2026.

- Y. Kuanyshbekov was elected to the Management Board as Managing Director for IT – member of the Management Board. The term of office of Y. Kuanyshbekov is defined similarly to the term of office of the Management Board as a whole – until July 1, 2026.

*As of January 1, 2025, KASE's Management Board consisted of five members:*

- **A. Aldambergen**, Chairperson of the Management Board;
- **D. Amanzholova**, Deputy Chairperson of the Management Board;
- **Y. Mazhekenov**, Deputy Chairman of the Management Board;
- **Z. Sarzhakov**, Deputy Chairman of the Management Board;
- **Y. Kuanyshbekov**, Managing Director for IT – member of the Management Board.



By decision of KASE's Board of Directors, the powers of the Chairperson of the Management Board Alina Aldambergen were terminated early on her initiative from March 28, 2025 (events after the reporting date).

From March 31, 2025, (events after the reporting date) Adil Mukhamejanov was elected to the position of Chairman of the Management Board by KASE's Board of Directors.

### **Information about the Exchange's remunerations**

Payment of remuneration and compensation for expenses to members of the Exchange's Board of Directors and Management Board is carried out in accordance with conditions of the agreements concluded with them. The amounts of bonus remuneration for the specified executives are determined by the general meeting of shareholders with respect to members of the Board of Directors and by the Board of Directors with respect to

members of the Management Board, depending on results of the Exchange's financial and economic activities in the relevant financial year.

#### *Remuneration of members of the Board of Directors*

In accordance with the Republic of Kazakhstan's Act "On Joint-Stock Companies", the Exchange's Charter and the Regulation on the Board of Directors:

- monthly remuneration of members of the Board of Directors is determined by decision of the general meeting of shareholders of the Exchange;
- the amount of the annual bonus remuneration of any member of the Board of Directors must not exceed 85 % of the total amount of monthly remuneration paid to this member of the Board of Directors for all months of the year for which the bonus is paid;
- annual bonus remuneration is not paid to members of the Board of Directors who in the reporting financial year participated in less than 50 % of the meetings of the Board of Directors, absentee voting of members of the Board of Directors, meetings of committees of the Board of Directors, other standing committees and commissions of the Exchange, in which these members of the Board of Directors were involved.

During 2024, members of the Board of Directors of the Exchange were paid 61,008,525.00 (sixty-one million eight thousand five hundred twenty-five) KZT 00 tiyn.

Remuneration is not established and not paid to the members of the Exchange's Board of Directors who are representatives of the state bodies of the Republic of Kazakhstan or who are persons that cannot receive remuneration in accordance with the legislation of the Republic of Kazakhstan:

- representatives of the National Bank of the Republic of Kazakhstan and the Agency for Regulation and Development of the Financial Market, who are members of the Board of Directors based on paragraph 4 of Article 84 of the Republic of Kazakhstan's Act "On the Securities Market" and subparagraph 1) of paragraph 3 of Article 17 of the Exchange's Charter;
- the Chairman of the Exchange's Management Board, who is a member of the Board of Directors by virtue of their position based on subparagraph 2) of paragraph 3 of Article 17 of the Exchange's Charter.

### *Remuneration of members of the Exchange's Management Board*

In accordance with the Republic of Kazakhstan's Act "On Joint-Stock Companies", the Exchange's Charter and the Regulation on the Management Board:

- the monthly salary of a member of the Management Board is determined by decision of the Board of Directors;
- after considering the performance of the Management Board and the Exchange in the reporting year, the Board of Directors makes a decision to establish the amount of annual bonus remuneration for members of the Management Board for the reporting year;
- the amount of annual bonus remuneration for members of the Management Board is determined by decision of the Board of Directors based on assessment of work of each member of the Management Board during the reporting year;
- the Board of Directors may decide to make a one-time payment to a member of the Management Board.

During 2024, members of the Exchange's Management Board were paid 327,023,451.38 (three hundred twenty-seven million twenty-three thousand four hundred fifty-one) KZT 38 tiyn.

### **Information about KACC shareholders**

As of January 1, 2025, the total number of authorized common shares of the Clearing Centre amounted to four hundred thou., of which 531 common shares were outstanding. The sole shareholder of the Clearing Centre is Kazakhstan Stock Exchange JSC.

### **Sole Shareholder and Board of Directors of KACC**

In accordance with the Republic of Kazakhstan's legislation, the list of issues under the competence of the sole shareholder is determined by the Republic of Kazakhstan's Act "On Joint-Stock Companies" and the Clearing Centre's Charter.

The Board of Directors is the governing body of the Clearing Centre and carries out general management of the Clearing Centre's activities, with the exception of resolving the issues put by the Republic of Kazakhstan's Act "On Joint-Stock Companies" and/or the Clearing Centre's Charter under the exclusive competence of the sole shareholder of the Clearing Centre.

In November 2022, the sole shareholder of the Clearing Centre decided that the Board of Directors should be comprised of three persons.

The same decision determined that:

- the term of office of the elected members of the Board of Directors commences on the date of their election and expires at the time of the annual general meeting of the Clearing Centre shareholders, which will be devoted to consideration of the 2025 annual financial statements of the Clearing Centre;
- A. Aldambergen, Z. Sarzhakov are elected as members of the Board of Directors, who are representatives of the sole shareholder, and M. Tashmetov is elected as independent director of the Clearing Centre.

In April 2023, decision of the Clearing Centre's sole shareholder changed the composition of the Clearing Centre's Board of Directors, namely:

- powers of Z. Sarzhakov as a member of the Clearing Centre's Board of Directors were terminated early;
- N. Khoroshevskaya was elected as a member of the Clearing Centre's Board of Directors (representative of the sole shareholder).

In October 2023, decision of the Clearing Centre's sole shareholder changed the composition of the Clearing Centre's Board of Directors, namely:

- powers of N. Khoroshevskaya as a member of the Clearing Centre's Board of Directors were terminated early;
- Z. Sarzhakov was elected as a member of the Clearing Centre's Board of Directors (representative of the sole shareholder).

On February 7, 2024, KASE's Board of Directors decided that KACC's Board of Directors should be comprised of eight persons. The following members were additionally elected to KACC's Board of Directors:

- Y. Salimov, I. Serdyuk – representatives of interests of KACC's sole shareholder;
- S. Ainabayeva, K. Damitov – members of the Board of Directors, independent directors;
- N. Khoroshevskaya – Chairperson of KACC's Management Board.

*Composition of the Board of Directors as of January 1, 2025:*

- **Alina Aldambergen** (Chairperson of the Board of Directors) – Chairperson of the Exchange's Management Board, representative of the sole shareholder;

- **Sholpan Ainabayeva** (member of the Board of Directors – independent director of the Clearing Centre);
- **Kadyrzhan Damitov** (member of the Board of Directors – independent director of the Clearing Centre);
- **Zhainar Sarzhakov** (member of the Board of Directors) – Deputy Chairman of the Exchange's Management Board, representative of the sole shareholder;
- **Yertai Salimov** – (member of the Board of Directors);
- **Ivan Serdyuk** – (member of the Board of Directors);
- **Mirlan Tashmetov** – (member of the Board of Directors - independent director of the Clearing Centre);
- **Natalya Khoroshevskaya** – (member of the Board of Directors).



Алдамберген Алина Өтемісқызы



Саржаков Жайнар Наурызбаевич



Ташметов Мирлан Жапарбекович



Айнабаева Шолпан Рахманкуловна



Дамитов Кадыржан Кабдошевич



Салимов Ертай Исмаилович



Сердюк Иван Вячеславович



Хорошевская Наталья Юрьевна

In 2024, 24 meetings of the Board of Directors were held, including absentee voting of members of the Board of Directors.



The procedure for formation and work of the Board of Directors' committees and the Clearing Centre's commissions, their number, as well as their competences, functions, quantitative composition are regulated by the Clearing Centre's internal documents approved by the Board of Directors.

In 2024, the following was held:

- 11 meetings of the Board of Directors' Committee for Strategic Planning, Personnel and Remuneration, Social Issues;
- 11 meetings of the Board of Directors' Internal Audit Committee
- 7 meetings of the Board of Directors' Committee for Personnel, Remuneration and Social Issues.

In its activities, the Board of Directors is guided by the goals and objectives provided in the Clearing Centre's Corporate Governance Code, the Clearing Centre's Charter, the Regulation on the Board of Directors and carries out its functional duties to achieve positive results in the Clearing Centre's activities.

### **Management Board of the Clearing Centre**

The Management Board is the collegial executive body of KACC and manages the Clearing Centre's current activities, with the exception of issues put by the Republic of Kazakhstan's Act "On Joint-Stock Companies" and the Clearing Centre's Charter under the exclusive competence of the general meeting of shareholders and/or the Board of Directors of the Clearing Centre.

*Composition of the Management Board as of January 1, 2025:*

- **N. Khoroshevskaya**, Chairperson of the Management Board;
- **I. Sabitov**, Deputy Chairman of the Management Board;
- **E. Studenina**, Deputy Chairperson of the Management Board;
- **A. Li**, Deputy Chairperson of the Management Board.



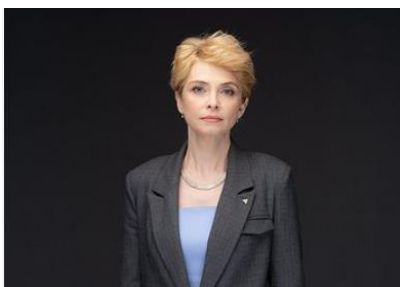
Хорошевская Наталья Юрьевна



Сабитов Идель Марсильевич



Студенина Елена Викторовна



Ли Алла Валерьевна

### **Information on the Clearing Centre's remunerations**

Payment of remuneration and compensation for expenses to members of the Clearing Centre's Board of Directors and Management Board is carried out in accordance with conditions of the agreements concluded with them. The amounts of bonus remuneration for the specified executives are determined by decision of the sole shareholder of the Clearing Centre with respect to members of the Board of Directors and by the Board of Directors with respect to members of the Management Board, depending on results of the Clearing Centre's financial and economic activities in the relevant financial year.

#### *Remuneration of members of the Clearing Centre's Board of Directors*

In accordance with the Republic of Kazakhstan's Act "On Joint-Stock Companies", the Clearing Centre's Charter and the Regulation on the Board of Directors:

- monthly remuneration of members of the Board of Directors is determined by decision of the sole shareholder of the Clearing Centre;
- the amount of the annual bonus remuneration of any member of the Board of Directors must not exceed 85 % of the total amount of monthly remuneration paid to this member of the Board of Directors for all months of the year for which the bonus is paid;
- annual bonus remuneration is not paid to members of the Board of Directors who in the reporting financial year participated in less than 50 % of the meetings of the

Board of Directors, absentee voting of members of the Board of Directors, meetings of committees of the Board of Directors, other standing committees and commissions of the Clearing Centre, in which these members of the Board of Directors were involved.

For the period from January 1 to December 31, 2024, members of the Board of Directors of the Clearing Centre were paid 31,105,947.61 KZT (thirty-one million one hundred five thousand nine hundred forty-seven KZT sixty-one tiyn).

#### *Remuneration of the members of the Clearing Centre's Management Board*

In accordance with the Republic of Kazakhstan's Act "On Joint-Stock Companies", the Clearing Centre's Charter and the Regulation on the Management Board:

- the monthly salary of a member of the Management Board is determined by decision of the Board of Directors;
- after considering the performance of the Management Board and the Exchange in the reporting year, the Board of Directors makes a decision to establish the amount of annual bonus remuneration for members of the Management Board for the reporting year;
- the amount of annual bonus remuneration for members of the Management Board is determined by decision of the Board of Directors based on assessment of work of each member of the Management Board during the reporting year;
- the Board of Directors may decide to make a one-time payment to a member of the Management Board.

For the period from January 1 to December 31, 2024, members of the Clearing Centre's Management Board were paid 199,921,655.56 KZT (one hundred ninety-nine million nine hundred twenty-one thousand six hundred fifty-five KZT fifty-six tiyn).

#### **Corporate responsibility and personnel management**

KASE Group's successes are the result of coordinated work of our team.

Working conditions (offering of competitive salary, opportunities for professional growth and development, formation of a corporate culture based on trust, respect and openness, honesty, continuous development and implementation of innovations, opportunities for advanced training, corporate events, annual bonuses.

#### *Corporate values of KASE Group*

We are leaders shaping the future of the financial market, creating opportunities for confident growth.

We are professionals using the best practices, knowledge and experience, guaranteeing our clients the integrity, sustainability and high quality of services.

We are customer-focused: in partnership with our clients, we create and support flexible, high-quality solutions for common success.

This year, we have been actively working with the Board of Directors, the Management Board and employees on a new 2025-2027 Development Strategy for KASE Group, where the mission, vision and values of KASE have been completely revised.

New values of KASE Group have been developed, which correspond to KASE's vision and mission.

KASE is a team of talented and ambitious employees, a powerful engine of successful work and, following the traditions, the team of the Exchange and the Clearing Centre will select new bearers of corporate values from among their colleagues.

#### *Development of corporate culture*

One of the important components of the HR policy is the formation and development of KASE Group's corporate culture, which is a system of fundamental values and standards contributing to formation of favorable conditions for effective work, maintaining the team spirit and commitment of employees to the goals and objectives of the Group.

In order to form a corporate culture for KASE and KACC employees, various corporate events are held and the following tools are used:

- recognition and incentive programs – certificates and letters of thanks;
- team building and development of corporate values
- internal communications – mailings, meetings with the management
- motivation – creating a favorable working mood in the team
- training and development – trainings, seminars, mentoring, sharing of experience between employees
- interest clubs (sports, own football team, board games)
- social responsibility – charity events, environmental projects, volunteer initiatives;

- increasing the employee satisfaction and awareness.

This year, special attention was paid to the strategy and corporate culture of the Group:

- conducting corporate culture trainings on a regular basis with external trainers,
- conducting strategic sessions at the level of the Board of Directors, Management Board, middle managers and company employees.
- timely and comprehensively informing the employees through email messages, social media and quarterly meetings – TownHalls
- organization of events at the international level: Kazakhstan Finance Day (New York), Equity Capital Markets Day (London)

In 2024, our employees were awarded the certificates and letters of thanks for their special contribution to development of the KASE Exchange Group:

- medal "For Labor" – 2 employees
- medal "Quota" – 1 employee
- medal "Honored Financier" – 2 employees
- Gratitude from the Chairman of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market – 4 employees
- Exchange Professional Nomination – 11 employees
- Exchange Prospect Nomination – 10 employees
- Exchange's Support and Authority Nomination – 3 employees
- Nomination For Contribution to the Exchange Development – 6 employees
- Letters of thanks for implementing the projects "Launch of the Clearing Centre", "Bringing the Clearing Centre's activities into line with international standards", "New products: Market valuation of securities and KASE indexes and indicators", "Air Astana IPO", "Updated version of KASE website", "Exchange's service portal", Commissioning of a new back office system", "KASE Group passing an external audit for compliance with requirements of ISO 9001:2015 and ISO/IEC 27001:2022", "Reducing the Exchange's sanctions risks" - 77 employees

To ensure development of KASE Group's corporate culture, the following events were organized:

- TownHalls covering quarterly results, held in a combined offline and online format;
- Quarterly meetings to introduce newly hired employees to the Chairman of the Exchange's Management Board, aimed at integrating the newcomers into the team;
- Weekly corporate culture trainings aimed at increasing the engagement
- Football tournament among the issuers, members and partners of the Exchange
- Annual team building event, which was held in the recreation area
- Celebrating the New Year and a children's New Year party for the children of employees

### *Training and development*

Training and advanced training occupy an important place in the personnel policy of KASE and KACC. The companies support the desire of employees to acquire new knowledge and develop competencies by providing opportunities for both internal and external training.

Priority is given to vocational and mandatory training. Particular emphasis is placed on developing the skills in the financial sector, corporate competencies, project management and IT, which is necessary for successful implementation of the strategic initiatives of the KASE Exchange Group.

In the reporting year, more than 50 KASE and KACC employees underwent training, primarily on courses in the following areas: IT (System administration, PostgreSQL), Contractual and corporate law, anti-corruption and sanctions compliance, Fundamentals of internal audit, workshops on composing and writing an internal auditor's report.

Language courses were also conducted to improve the levels of English and Kazakh for the employees; more than 30 employees were trained.

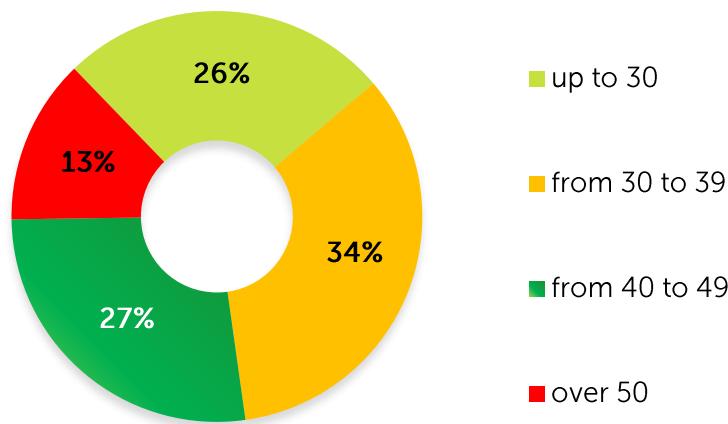
### *The Exchange's personnel*

As of January 1, 2025, the staff number of KASE was 245, while the actual number was 216.

### *Age structure of the Exchange*

In terms of age distribution, the personnel structure is as follows: the share of young people under 30 is 26 %, from 30 to 39 – 34 %, from 40 to 49 – 27 %, over 50 – 13 %. The average age of the Exchange's employees in 2024 was 38 years.

**Fig. 32. Age structure of the Exchange**



Source: KASE

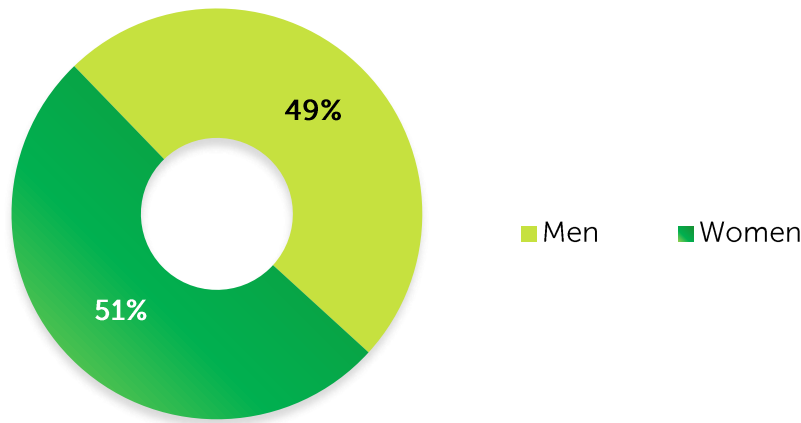
*Education of the Exchange's employees*

As of the end of 2024, the majority of KASE employees have higher education. 20 % of the employees received postgraduate education (Master's degree, PhD), 10 % of the employees received education outside the Republic of Kazakhstan.

*Gender composition of the Exchange*

At KASE, the total number of female employees is 51 %, and 49 % are male.

**Fig. 33. Gender composition of the Exchange**



Source: KASE

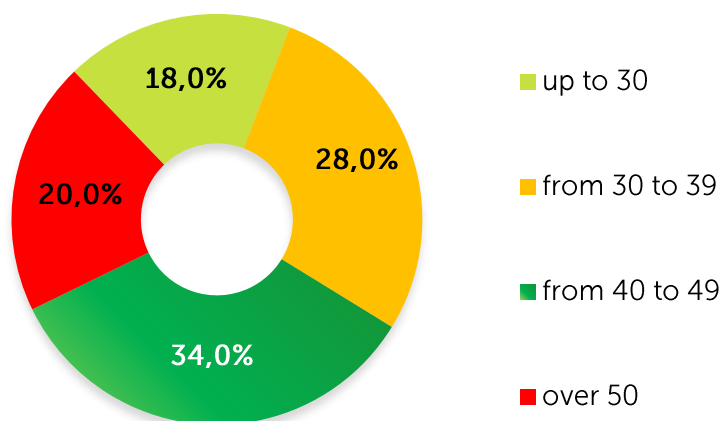
*Clearing Centre Personnel*

As of January 1, 2025, the Clearing Centre's staff number was 59, while the actual number was 46.

### *Age structure of the Clearing Centre*

In terms of age distribution, the personnel structure is as follows: the share of young people under 30 is 18 %, from 30 to 39 – 28 %, from 40 to 49 – 34 %, over 50 – 20 %. The average age of employees at the Clearing Centre in 2024 was 53 years.

**Fig. 35. Age structure of KACC**



Source: KACC

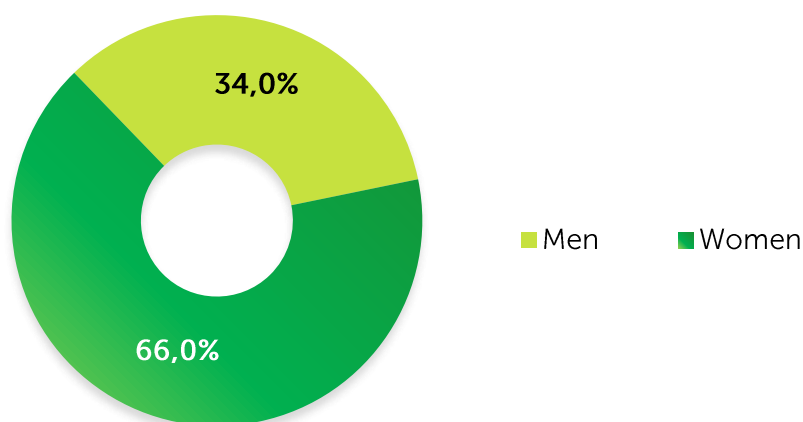
### *Education of the Clearing Centre's employees*

As of the end of the reporting period, the majority of KASE employees (100 %) have higher education.

### *Gender composition of the Clearing Centre*

At KACC, the total number of female employees is 66 %, and 34 % are male.

**Fig. 36. Gender composition of the Clearing Centre**



Source: KACC



## *Social Responsibility of KASE Group*

As part of its corporate social responsibility, KASE Group actively promotes financial literacy among the youth of Kazakhstan. In this undertaking, KASE and KACC continue close cooperation with Kazakhstan's universities, organizing internships and practical training for students, as well as facilitating the employment of promising young specialists. In addition, guest lectures and seminars on the stock market are held both on KASE and in educational institutions.

### **Information and physical security**

In 2024, the Information Technology Security Service (ITSS) of the Exchange successfully completed the ISO/IEC 27001 certification, confirming compliance of the information security management system (ISMS) with global practices. As part of the further improvement of the ISMS, a number of key policies and procedures were updated, including the access control policy, the security incident response policy and the confidential information handling policy.

Particular attention was paid to improving the mechanisms for monitoring and preventing the cyberattacks. In particular, as part of working on the data leak prevention (DLP) system, policies for controlling the use of removable media and data transmission channels were improved, and response scenarios in the SIEM system were optimized, which allowed to increase the accuracy of incident detection and reduce the number of false positives.

The Service conducted internal checks, initiated an audit of access control mechanisms, protection of critical infrastructure and processing of confidential data. Based on results of these audits, recommendations were developed to improve protection of information assets, and their implementation was regularly monitored.

In addition, during the reporting period, a project to introduce a web application firewall (WAF) system was successfully implemented, which significantly increased the level of protection of the Exchange's web resources from cyberattacks and unauthorized access. Introduction of new analytical tools and updating of information security policies also contributed to increasing the overall cyber resilience of the Exchange. These efforts have been justified by positive results of internal and external audits, which confirms the high standards of information security provided by KASE.

### **Risk management system**

KASE Group has built a unified integrated risk management system, and each of the Group's companies has specific types of risks.

Risk management is an integral part of the activities of KASE and KACC, aimed at identifying, assessing and monitoring all significant risks of KASE Group, as well as taking measures to reduce the risk levels.

In accordance with international risk management standards, the risk management and internal control system of KASE Group is based on three lines of defense:

- 1) first line of defense: all divisions and employees of the Exchange/KACC;
- 2) the second line of defense: compliance department, legal department, risk management department, supervisory department, financial monitoring department;
- 3) third line of defense: internal audit department.

In the process of risk management, all the risk management system participants – the three lines of defense, committees, executive bodies and management bodies of the Exchange and the Clearing Centre interact and exchange information.

Continuous development and improvement of the risk management system allows KASE Group to promptly respond to changes in the internal and external environment, increase efficiency and effectiveness of its activities.

Risk management at KASE and KACC is a continuous, dynamic and ongoing process. During the reporting period, the following risk management work was carried out in KASE Group:

- a unified Risk Management and Internal Control Policy has been developed for KASE Group, work is underway to formalize the procedures for interaction, information exchange and preparation of management reports of KASE Group, procedures are being implemented to improve the risk management and internal control system;
- KASE and KACC have passed an independent certification audit and received certificates of compliance with the requirements of ISO 9001:2015 and ISO/IEC 27001:2022. ISO 9001:2015 certification confirms that management of business processes and activities of KASE Group comply with the international quality standard. ISO/IEC 27001:2022 certification confirms a high organizational level of the information security management system of KASE Group.
- KACC received the A+ operational rating with a positive outlook from the British consulting agency Thomas Murray. The rating assessment is based on analysis of

the main risk components and reflects an expert opinion on the central counterparty's ability to fulfill its obligations within the framework of operational servicing of clients.

- As part of the annual risk identification and assessment procedure, the levels of risks inherent in KASE Group's activities were reevaluated, KASE and KACC risk registers and maps were created, and the maximum permissible values of risk indicators for 2025 for each organization and KASE Group as a whole were approved.

Every quarter, the Management Boards of the Exchange and the Clearing Centre inform their management bodies about the current situation with realized risks and measures taken to minimize them. The Exchange's Management Board also discloses information on realized risks in KASE Group to the Exchange's Board of Directors.

KASE Group regularly carries out activities to improve the risk culture by involving structural units of KASE and KACC in risk management processes, analyzing the business processes for risks and adequacy of controls, conducting regular training for employees, as well as through exchange of information between the Board of Directors, the Management Board, the Committees and employees of the Exchange/Clearing Centre. Upon employment, new employees are familiarized with the functioning principles of the risk management system at the Exchange/Clearing Centre. The measures taken to improve the risk culture of the Exchange/Clearing Centre employees result in a better understanding of involvement of each employee in the risk management system.

To effectively manage the market risks of the Exchange/Clearing Centre during the central counterparty's activities, there is the Market Risk Committee – a permanent collegial body under the Management Board of the Exchange/Clearing Centre. Functions of the Committee include approving the values of fundamental and approval-requiring risk parameters of financial instruments, preparing the recommendations for the Exchange's Management Board on the establishment and application of individual limits and restrictions to the clearing participants on exchange markets, as well as other functions specified by the Exchange's internal documents. The risk management system implemented at the Exchange and the Clearing Centre, which automatically monitors and controls the market risks, enables a timely response to changes in volatility of financial instruments traded on the Exchange.

To identify the areas in which the risk management system needs to be improved, the Exchange's Internal Audit Service conducts assessment of the risk management system efficiency in accordance with the Internal Audit Plan.

## Business continuity management

The business continuity management system is aimed at ensuring the Group's ability to recover quickly and effectively from any events that may impact its operations, including natural disasters, technological failures, human errors and external crises.

The business continuity management system built by the Exchange is uniform for KASE Group since the Group uses a single IT infrastructure and unified trading systems.

In order to manage the business continuity, the Group has approved the Business Continuity Management Policy, Business Continuity Plan and Rules developed in accordance with the ISO 22301 standard.

The Group's business continuity management system includes several key components:

- **identification and assessment of business process interruption risks:** divisions conduct annual analysis of risks that may affect the Group's activities;
- **business impact analysis:** periodic analysis is conducted to identify critical processes and their dependence on the resources (personnel, technology, equipment, information and supplies).
- **business continuity plan:** based on the completed analysis, the detailed plans are developed for various scenarios, such as natural disasters, epidemics, quarantine, shutdown of life support systems of the main office.
- **recovery strategy:** for each critical function, a strategy and procedures for restoring the IT systems and data have been developed. This includes backup, storing the data in separate data centers, and using metro cluster technologies.
- **coaching and trainings:** regular trainings for employees at all levels to ensure they know their roles and responsibilities in the event of an emergency.
- **evaluation and testing:** plans and procedures are regularly tested to make sure they are effective and up to date. If any deficiencies are identified, the plans are adjusted and updated.
- **testing the backup office's functionality:** the backup office equipment is periodically tested to check its functionality and the possibility to work in it.

During the reporting year, the following key steps were taken to improve the business continuity management system:

- **hardware upgrade:** acquisition and connection of an additional high-speed communication channel, additional equipment for upgrading the power supply;
- **IT systems recovery strategies:** The group developed and approved a concept for further development of a remote site outside the city of Almaty.

2024 saw no downtime or interruptions of the Group's business processes, and no damage from realization of risks associated with the business continuity management system.

The Group plans to improve its business continuity management system. The key areas for development include:

- **certification of the Group's business continuity management system processes for compliance with ISO 22301;**
- **strengthening the interaction with suppliers and partners:** development of partnerships with key suppliers to create a system of cooperation for recovery in the event of a crisis;
- **further development of the remote site outside the city of Almaty.**

### **Compliance control and anti-corruption**

Compliance risk management plays an important role in activities of KASE Group, ensuring its stability, reputation and efficiency. Global sanctions, economic crises and regulatory changes create additional challenges for the financial market, requiring timely adaptation and systemic solutions. A comprehensive approach to compliance allows KASE Group to minimize the impact of external factors, ensure compliance with regulatory requirements and promptly respond to changes in the business environment. To effectively manage the compliance risks, KASE Group has implemented a comprehensive compliance risk management system based on the Three Lines of Defense model, integrated into operational processes. This allows to ensure comprehensive compliance - control the compliance with regulatory requirements, reduce the risks of violations and increase the level of transparency of activities.

In accordance with the approved Work Plans in 2024, the Compliance Services of KASE Group (hereinafter, the Service) implemented a number of measures aimed at identifying, assessing and minimizing the compliance risks in key areas of KASE Group's activities. In particular, work was carried out to improve anti-corruption and sanctions compliance and strengthen the internal compliance control.

Internal documents regulating compliance risk management, including anti-corruption and compliance with sanctions restrictions, have been developed and updated.

The Service performs the functions of an anti-corruption compliance service, ensuring compliance with the anti-corruption legislation of the Republic of Kazakhstan, implementation of corruption prevention mechanisms and application of best international anti-corruption practices.

During the reporting period, within the framework of anti-corruption compliance:

- the updated Anti-Corruption Policy and Instructions were approved;
- anti-corruption monitoring and internal analysis of corruption risks were carried out;
- channels for filing and handling of complaints (statements) from clients and contractors were in place, including a hotline;
- training events devoted to anti-corruption and developing an anti-corruption culture were organized.

During the year, the Service conducted scheduled compliance inspections aimed at:

- identification of corruption risks in activities of individual structural units;
- compliance with requirements of the Republic of Kazakhstan's legislation and internal documents when disclosing information on the website of the Financial Statements Depository.

The inspections found no significant violations of requirements of the Republic of Kazakhstan's legislation and the Exchange's internal documents or corruption risks in activities of individual structural units. Responsible departments were given recommendations on how to improve the internal procedures.

Sanctions restrictions in 2024 continued to impact the global financial market. In connection with expansion of sanctions regimes by the US, EU and UK in relation to subjects of the Russian Federation, an analysis of their possible impact on KASE Group's activities was conducted, and internal monitoring procedures in KASE Group were improved, measures were taken to reduce sanctions risks, including strengthening the control over the Exchange members, listed companies and clearing participants.

The Service interacts with foreign regulators and leading international legal consultants, ensuring strict control over compliance with requirements of applicable sanctions legislation, prompt response to its changes and effective adaptation to external challenges.

To improve the level of compliance culture, five joint training events were held for KASE Group employees in 2024, devoted to compliance risk management, compliance with international sanctions requirements and anti-corruption.

The Service's employees constantly improve their professional skills and are members of the Compliance and Business Ethics Association. During the reporting period, the Service employees received certificates in the field of anti-corruption management and sanctions risk management. The Service representatives participated in meetings with the Office of Foreign Assets Control of the US Treasury Department and the UK Foreign Office concerning application of sanctions legislation of these countries.

The current compliance risk management system helps KASE Group maintain stability, ensure transparency of operations and comply with international standards. Strict compliance with regulatory standards, implementation of effective anti-corruption measures and the minimization of sanctions risks help to prevent legal consequences and asset losses, strengthen the partners' trust and preserve the business reputation.

#### **Internal audit**

The Internal Audit Service (hereinafter, the IAS) is the third line in the internal control model and was created to protect the interests of shareholders, preserve and increase the value of the exchange group's companies by conducting objective internal audits based on a risk-oriented approach, provide the recommendations and share the knowledge.

IAS carries out its activities in accordance with the International Professional Practices Framework of Internal Auditing and the regulator's requirements. To ensure the principles of independence and objectivity, IAS is functionally accountable to the Board of Directors and is supervised by the Internal Audit Committee under the Board of Directors. Interaction with and feedback from the Internal Audit Committee go through the head of internal audit, including analysis of decisions/recommendations of the Internal Audit Committee on issues under the competence of internal audit, as well as through an annual survey.

In accordance with the assigned powers, the Boards of Directors of the exchange group's companies approve the risk-oriented audit maps and annual audit plans, training plans and IAS budgets, key indicators of IAS and internal auditors, and also evaluate their implementation.

In order to improve professional knowledge and skills, the IAS employees of both companies regularly undergo training, including to obtain the professional CIA certification.

### **The Exchange**

In accordance with the Internal Audit Quality Assurance and Improvement Program approved by decision of the Exchange's Board of Directors dated September 27, 2023 (minutes No.27), a self-assessment of the current state of the internal audit function was carried out, resulting in the overall compliance rating of 93.9 %. The rating of the Board of Directors' Audit Committee satisfaction with results of IAS work at the end of 2023 was 3.94.

In 2024, the Exchange's Internal Audit Service fulfilled the annual audit plan by 109 %, taking into account the unscheduled assignments and consulting services. In the reporting year, the internal audit covered the following objects (business processes, systems, procedures, etc.):

- The compliance risk management process in terms of managing the existing and potential conflicts of interest on the Exchange,
- The procurement process,
- The securities trading process,
- The strategic goals implementing process, including fulfilment of KPIs of the Management Board members,
- The information selling process,
- The process of preparing and providing the information and reports to external and internal users,
- The process of combating the money laundering and financing of terrorism,
- The process of forming the List of audit organizations recognized by the Exchange and monitoring the financial statements of Listed companies for compliance with international standards and principles of financial reporting in accordance with requirements of the Regulation on the Board of Directors' Committee for Issuer Audit.

### **The Clearing Centre**

In the reporting year, taking into account the available labor resources, the Clearing Centre's IAS had fully implemented the 2024 annual audit plan, including updating the methodological base for internal audit. IAS also participated in the assessment conducted by Thomas Murray for obtaining the operational rating of KASE Clearing Centre JSC.



Following the results of the audit assignments, the IAS was issued the recommendations ranked by significance of audit findings, taking into account the proposals for improving the existing internal control and risk management systems, processes, principles and methods of conducting business. Information on results of monitoring the implementation of issued recommendations and on implementation of the audit plan was provided to the Internal Audit Committees and the Boards of Directors of the exchange group on a quarterly basis.

The IAS's activities in the reporting year were evaluated as "effective", which is confirmed by achievement of 2024 key performance indicators.

## ABBREVIATIONS AND TERMS

<b>ASTS+</b>	KASE's trading and clearing system, developed based on the Moscow Exchange's trading and clearing system
<b>AFCM</b>	Арабской Федерации фондовых рынков
<b>ASEAN+3</b>	Association of South East Asian Nations
<b>AWS</b>	Amazon Web Services
<b>GFANZ</b>	Glasgow Financial Alliance for Net Zero
<b>CAREC</b>	Central Asia Regional Economic Cooperation
<b>CCP12</b>	Global Association of Central Counterparties, trade association of clearing houses of central counterparties
<b>CDSB</b>	Climate Disclosure Standards Board
<b>CPSS</b>	Bank for International Settlements' Settlement and Payment Systems Committee
<b>DMA</b>	direct memory access (a mode of data exchange between computer devices)
<b>DLT</b>	distributed ledger technology (a set of duplicated, shared and synchronized digital data sets distributed across multiple sites, countries or institutions)
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ECB</b>	European Central Bank
<b>ESG</b>	Environmental, Social and Governance – criteria of environmental friendliness, social responsibility and corporate governance
<b>EFFAS</b>	European Federation of Financial Analysts Societies
<b>ESMA</b>	European Securities and Markets Authority
<b>EMIR</b>	European Market Infrastructure Regulation
<b>ETF</b>	Exchange Traded Fund
<b>FAST</b>	FIX Adapted for Streaming (data transfer protocol in trading systems)
<b>FEAS</b>	Federation of Euro-Asian Stock Exchanges
<b>FIX</b>	a data transfer protocol that is an international standard

<b>Frontier Market</b>	Frontier market
<b>FTSE</b>	Financial Times Stock Exchange
<b>GA</b>	General Assembly of the United Nations
<b>HA</b>	High availability
<b>ICMA</b>	International Capital Market Association
<b>IFC</b>	International Finance Corporation
<b>IOSCO</b>	International Organization of Securities Commissions
<b>IPO</b>	Initial Public Offering
<b>IR</b>	Investor Relations (building communications with investors)
<b>IRIS</b>	the Exchange's information terminal
<b>ISO</b>	International Organization for Standardization (an international organization engaged in issue of standards)
<b>IT</b>	Information Technology
<b>KACC</b>	abbreviation of KASE Clearing Centre JSC
<b>KASE</b>	abbreviation of Kazakhstan Stock Exchange JSC
<b>KEGOC</b>	abbreviation of KEGOC JSC
<b>MOEX</b>	Moscow Exchange PJSC
<b>MSCI</b>	Morgan Stanley Capital International index service
<b>IOSCO</b>	International Organization of Securities Commissions
<b>OFAC</b>	Office of Foreign Assets Control
<b>PoC</b>	Proof of concept
<b>PRI</b>	Principles for Responsible Investment
<b>S&amp;P</b>	Standard & Poor's international index service
<b>SLA</b>	Service Level Agreement
<b>SMA</b>	sponsored market access (access to submit orders directly to the trading system)

<b>SOFR US</b>	the money market interest rate in US dollar, which is the weighted average median rate for the volume of transactions in three different types of overnight REPO, secured by US Treasury government securities
<b>TCI</b>	TONIA Compounded Index – a composite TONIA index calculated every calendar day based on the last calculated value of the TONIA indicator
<b>TCR</b>	TONIA Compounded Rate – a compound TONIA rate calculated every calendar day based on TCI values. The calculation uses a sliding window equal to the actual number of calendar days in the settlement period.
<b>TOD</b>	a settlement condition under which the transaction is executed on the day of its conclusion (from the word 'today')
<b>TOM</b>	a settlement condition in which the transaction is executed on the next business day from the date of its conclusion (from the word 'tomorrow')
<b>TONIA</b>	the main indicator of the repo market, which is the weighted average interest rate on repo operations with the GS Basket for one day, calculated at the end of each trading day
<b>TRION</b>	the weighted average interest rate on repo operations with the GS Basket carried out with participation of a CCP, for one day, calculated during each trading day
<b>TWINA</b>	the weighted average interest rate on repo operations with the GS Basket carried out with participation of a CCP, for seven days, calculated during each trading day
<b>UN SSE</b>	Sustainable Stock Exchanges
<b>WEP</b>	Women's Empowerment Principles
<b>WFE</b>	World Federation of Exchanges
<b>JSC</b>	Joint-stock company
<b>ARDFM</b>	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
<b>ACDE</b>	Association of Central Depositories of Eurasia
<b>STB</b>	second-tier bank(s)
<b>The Exchange</b>	Kazakhstan Stock Exchange JSC
<b>Broker-dealers</b>	Brokerage and/or dealer organizations licensed by an authorized body

<b>GDP</b>	gross domestic product
<b>HEI</b>	higher education institution
<b>GS</b>	government-issued securities
<b>KASE Group</b>	Kazakhstan Stock Exchange JSC and its subsidiary KASE Clearing Centre JSC
<b>DAMU</b>	abbreviation of "Damu" Entrepreneurship Development Fund JSC
<b>EMEA</b>	abbreviation for economic region and/or market that includes Europe, the Middle East and Africa
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EU</b>	European Union
<b>KASE Index</b>	KASE stock market index
<b>SSE Initiative</b>	Sustainable Stock Exchanges Initiative, a UN partnership program
<b>The Clearing Centre</b>	KASE Clearing Centre JSC
<b>GCC</b>	general collateral certificates
<b>MAB CIS</b>	International Association of Exchanges of the Commonwealth of Independent States
<b>FAM</b>	Foreign Affairs Ministry
<b>mln</b>	million
<b>bn</b>	billion
<b>Moscow Exchange</b>	Moscow Exchange PJSC
<b>IFO</b>	international financial organization(s)
<b>NBRK</b>	National Bank of the Republic of Kazakhstan
<b>Atameken NCE RK</b>	National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
<b>NPC</b>	National Payment Corporation of the National Bank
<b>CS</b>	corporate securities
<b>UN</b>	United Nations

<b>MIF</b>	mutual investment fund
<b>SW</b>	software
<b>Government</b>	Government of the Republic of Kazakhstan
<b>IAS</b>	Internal Audit Service
<b>ITSS</b>	Information Technology Security Service
<b>CIS</b>	Commonwealth of Independent States
<b>USA</b>	United States of America
<b>T+2</b>	a settlement condition under which the transaction is executed on the second business day from the date of its conclusion
<b>TCS</b>	trading and clearing system
<b>LLP</b>	Limited Liability Partnership
<b>trln</b>	trillion
<b>thou.</b>	thousand
<b>FRS</b>	Federal Reserve System
<b>CSD</b>	Central Securities Depository
<b>CCP</b>	central counterparty
<b>DPC</b>	Data processing center
<b>RSA</b>	Republic of South Africa

## Contacts and details

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