



PRESS RELEASE

Almaty City

May 30, 2024

KASE held an annual meeting of shareholders of the Exchange

On May 30, 2024, Kazakhstan Stock Exchange JSC (KASE, Exchange) held its annual general meeting of shareholders (AGMS). During the meeting, shareholders of the Exchange made a number of decisions, including:

- take note of “2023 Performance of the Exchange” report and “2023 Sustainable Development” report;
- approve changes and addition No. 1 to the Dividend Policy of the Exchange;
- approve separate and consolidated audited annual financial statements of the Exchange for 2023;
- distribute 2023 net income (profit) of the Exchange in the amount of **18,518,265 k KZT** to be distributed as follows: allocate **9,259,132.5 k KZT (50%)** for dividend payment to shareholders of the Exchange, **9,259,132.5 k KZT (50%)** to be used for development of the Exchange.

determine the amount of dividend per common share of Kazakhstan Stock Exchange JSC at **8,611.30 KZT**.

List of shareholders of the Exchange entitled to receive dividends based on 2023 performance is fixed as of 00.00 Almaty time on **June 10, 2024**.

Dividends will be paid in **cashless form** by transfer to bank accounts of shareholders of the Exchange.

- to determine **Ernst & Young LLP** as an audit organization of the Exchange for the purpose of audit of consolidated and separate 2024 financial statements of the Exchange;
- take into account information about amount and composition of the 2023 remuneration for members of the Board of Directors and the Management Board of the Exchange;
- pay annual bonuses to members of the Board of Directors of the Exchange based on 2023 performance;
- take into account information about absence of shareholder complaints in 2023 regarding actions of the Exchange and its officials with respect to issues of its activities.
- approve amendments and additions No. 7 to the Charter of the Exchange.

KASE shareholders also determined quantitative composition of the Board of Directors (BoD) of the Exchange – 10 people, including establishing the term of office of members of the Board of Directors to be elected – from the date of their election until the AGMS of the Exchange that studies annual 2024 financial statements of the KASE:

- **three** non-elected members of the Board of Directors (a representative from the authorized body for regulation and development of the financial market and financial organizations, a representative of the National Bank of the Republic of Kazakhstan based on clause 4 article 84 of the Securities Market Law of the Republic of Kazakhstan and the Chairman of the Management Board of the Exchange (ex officio) based on sub-clause 2) clause 3 article 17 of the Charter of the Exchange);
- **four** representatives of interests of shareholders of the Exchange;
- **three** independent directors of the Exchange.

The following were elected as members of the Board of Directors, representing the interests of KASE shareholders:

- 1) Abdrazakov Eldar Sovetovich, CEO and a shareholder of Centras Group, a member of the board of directors of Air Astana JSC, chairman of the board of directors of Forte Bank JSC, a member of the

National Council on Corporate Governance under presidium of the NEC Atameken as well as a founder of Kazakhstan Growth Forum and an initiator of the educational project for youth Professionalize Kazakhstan.

- 2) Birtanov Yeszhan Amantayevich, chairman of the board of directors of Tansar Capital JSC, chairman of the management board and a member of the board of directors of Tansar Group JSC, an independent director / member of the board of directors of Insurance Company Freedom Finance Insurance JSC, an independent director / member of the board of directors of Insurance company Freedom Finance Life JSC, an independent director/ member of the board of directors of Agar Credit Corporation JSC. Previously, he was a deputy chairman of the National Bank of the Republic of Kazakhstan.
- 3) Krekoten Vladimir Borissovich, a representative of Moscow Exchange group.
- 4) Salimov Yertai Ismailovich, a member of the management board, a deputy chairman of the management board of Halyk Bank of Kazakhstan JSC, member of the board of directors of Halyk Finance Subsidiary of Halyk Bank JSC, chairman of the board of directors of Halyk Global Markets JSC.

KASE shareholders elected members of the board of directors / independent directors of the Exchange:

- 1) Jan Willems, Executive Director of Global Markets at Clearstream (Luxembourg), also a Head of Product Management Global Markets. He previously worked for Deutsche Bank (Scotland), BISYS Fund Services (Ireland) and Euroclear Bank (Belgium).
- 2) Doron Israeli, a professor at the Graduate School of Business at Nazarbayev University. He holds a PhD degree from Stanford University. Certified Public Accountant (CPA, Israel), he previously worked at the Israel Securities Authority (ISA).
- 3) Askar Raushanovich Yelemessov, a member of the board of directors / independent director of MO Kazakhstan Housing Company JSC and UAPF JSC, head of AIFC branch of the Analytical Credit Rating Agency. Previously, he was a deputy chairman of the National Bank of the Republic of Kazakhstan, vice minister of the Ministry of Finance of the Republic of Kazakhstan.

Moreover, the general meeting of shareholders decided to determine the amount of monthly remuneration for members of the Board of Directors of the Exchange, as well as the remuneration of experts being members of the committee of the Board of Directors of the Exchange for discharge of their duties.

Financial results of the Exchange

According to the 2023 audited consolidated financial statements, financial results of KASE Group in 2023 are characterized by the following indicators:

- income amounted to 27.4 billion KZT, which is higher than 2022 results by 15.4 billion KZT or 129%. Fee income made 8.1 billion KZT, an increase of 2.4 billion KZT or 42%. Interest income soared by 12.8 billion KZT or 199% and totaled 19.2 billion KZT;
- expenses amounted to 6.1 billion KZT and increased by 2.1 billion KZT or 52%;
- net profit was received in the amount of 18.5 billion KZT, a surge of 11.7 billion KZT, which is 171% higher than the 2022 results;
- assets of the Exchange according to the 2023 audited consolidated financial statements stood at 3,208.4 billion KZT;
- amount of liabilities was 3,163.3 billion KZT, where 91% or 2,877.6 billion KZT are financial obligations of the central counterparty, 9% or 284.2 billion KZT are guarantee fees and collateral for clearing participants placed on accounts of KASE as the central counterparty.

KASE exchange markets

Total trading volume on KASE in 2023 achieved **411 trillion KZT** with a **57% expansion** as compared to 2022; moreover, number of transactions closed during the reporting year rose by **1.4 million transactions**, which is **53% higher** than in 2022, including:

- a significant expansion of the trading volume was reported **on the money market** – the volume **increased by 60% to 370 trillion KZT**;
- on the **foreign currency** market the increase made **43%** and reached **30 trillion KZT**;

- on the **stock market** the expansion was **22%** and reached **10.9 trillion KZT**, including the largest increase in the government securities sector – by 33% to 8 trillion KZT. Volume of secondary trading in the government securities sector grew by 49% and reached 2.8 trillion KZT.

Total volume of **capital raising** in 2023 amounted to **7.1 trillion KZT**, an increase of **21%** over the year.

At the end of 2023, value of KASE Index **went up by 28.8%** to 4,187.4 points. **Stock market capitalization** increased over the year **by 26.4% to 26.7 trillion KZT**.

Total volume of **trading in shares** increased by **8.5%** or 26.3 billion KZT to **333.6 billion KZT**.

In 2023, an SPO of KEGOC JSC took place where **18.7 billion KZT** were raised on the KASE, which accounted for **82.4%** of the total placement volume.

Volume of **corporate debt** in circulation in 2023 decreased by **6.5%** to **13.5 trillion KZT**. Total trading volume of corporate bonds for 2023 shrank by 12.1% to 2.2 trillion KZT. Trading volume on the secondary bond market contracted by 33.3% to 664.9 billion KZT.

In 2023, securities of **36 new issuers** passed the listing procedure: two in the equities sector, five in the KASE Global sector, 28 in the corporate bonds sector and one in the sector of securities of international financial organizations.

As of January 1, 2024, KASE trading lists contained **656 names** of non-government securities **from 237 issuers**.

As of January 1, 2024, the Central Depository had **2.4 million accounts** registered for individuals: **693 k personal accounts** and **1.7 million** brokerage accounts of holders accounted for through omnibus accounts.

KASE strategic report

In 2023, the Exchange continued to implement its 2022–2024 Development Strategy, which was designed as a continuation and development of the initiatives laid down in the previous three-year period and focuses on global and local macroeconomic trends and best international practices in the development of stock exchanges.

As part of the strategic direction "Increasing liquidity on exchange markets"

The Exchange introduced trading in new currency pairs – dollar-Chinese yuan and euro-Chinese yuan. It also expanded the list of calculated indices and indicators that are used by market participants as benchmarks and allow them to assess attractiveness of the Kazakhstan market as a whole. From October 2, 2023, the Exchange began calculating and publishing indices of the government securities market of the Republic of Kazakhstan without segmentation by maturity (aggregated indices).

In order to diversify sources of raising financial resources for small and medium-sized enterprises, the Exchange, together with DAMU Entrepreneurship Development Fund JSC, ARDFM and the Ministry of Economy, developed a program for SME financing using stock market instruments. During 2023, the Exchange held round table discussions for various associations, as well as webinars for business together with DAMU. As a result of these efforts, in 2023, the first three issues of bonds with a subsidized coupon rate passed the listing procedure and placed bonds with a total volume of 5 billion KZT on the KASE.

Within strategic direction "Development of the CC as a key infrastructural element"

In 2022, work began to detach the central counterparty functionality into a separate organization, and by the end of that year, KASE Clearing Center JSC was registered as a legal entity, a wholly-owned subsidiary of KASE. On September 25, 2023, the Exchange transferred to the Clearing Center clearing and settlement functions on the stock market, as well as functions of the central counterparty.

Strategic goal of the Clearing Center is to improve the risk management system and bring it in line with the international laws European Market Infrastructure Regulation and best business practices. To fulfill this task, in 2023, the Exchange validated the risk models of the Central Counterparty for compliance with EMIR requirements, as a result of which stability of the KACC risk management system was confirmed by an independent consultant.

Within strategic direction "Implementation of innovations and technological modernization"

The Exchange, as one of key infrastructure elements of the financial market, pays special attention to implementation of advanced technological solutions according to the best global practices. As part of the current Strategy, it continues alignment with the international standards of information technology and information security, ensuring achievement of high fault tolerance of the IT infrastructure and use of advanced technologies in supervising the behavior of trading participants are under development.

In 2023, the Exchange took the first practical step in introducing trading in digital financial instruments and implemented the Proof of Concept (PoC) stage of KASE DIGITAL pilot project for tokenization of securities on the KASE DLT platform based on the open source solution Corda.

Works carried out within the PoC confirmed the technical feasibility of the idea. As part of the pilot, the main scenarios of the life cycle of a tokenized security were implemented. Thus, test transactions to register the emulated issuer were carried out, tokens of its securities (bonds) were issued, test trading operations were carried out in the Exchange trading system with participation of a simulated broker, and smart contracts were developed. Payments for tokenized bonds were carried out in Digital Tenge through integration of DLT KASE with digital tenge platform of the National Bank of Kazakhstan.

In 2023, the Exchange carried out work to increase the level of fault tolerance, improve the level of availability of exchange services and ensure continuity of its activities.

As part of the strategic direction "Increasing value for stakeholders"

In 2023, a project approach was introduced at the Exchange, and new Rules for planning and project management were adopted. These Rules are intended to determine strategic approaches to development and implementation of best practices in exchange activities. They establish the procedure for development and monitoring of implementation of the development strategy of the Exchange as well as projects necessary to achieve strategic goals.

KASE representative office opened in Astana in 2023 is a key step in the strategy for scaling up the Exchange's activities and strengthens KASE position as one of the leading participants on the financial market of Kazakhstan.

KASE pays special attention to in-depth study of financial services and improvement of financial literacy among all stakeholders. In 2023, the Exchange continued to arrange training programs for issuers and investors, students and representatives of mass media.

Another fundamental area of KASE efforts is promotion of ESG standards in Kazakhstan. As part of its strategic objectives, the Exchange plans to further improve information disclosure standards for issuers, launch an ESG reporting platform for investors, and continue work to increase ESG awareness among financial market participants.

During 2023, the Exchange worked to create the ESG Data Platform, a platform that contains necessary for investors information about sustainable development of issuers, which is planned to be launched in 2024. Result of this work in late 2023 was eighteen issues of such bonds, for which financing in the amount of more than 150.9 billion KZT was attracted.

On November 16, 2023, KASE held the International Exchange Forum "Role of Exchanges in Transformation of Financial Markets." At the forum, international and local experts discussed currently relevant topics: development of exchange markets, digital infrastructure and tools, organization of trading of government securities in KZT on global and local capital markets, trends in IPO development, digitalization of financial services and growth of activities of retail investors on capital markets, development and promotion of ESG principles and ESG products on the financial market.

During the year, the Exchange conducted training events for entrepreneurs, public, and representatives of mass media in order to improve financial literacy. With a view to raise awareness of activities of KASE exchange market, as well as possibilities of capital raising on the stock market of Kazakhstan, the Exchange continued to broadcast its news program "KASE Exchange News" on Business FM radio.

As part of the KASE "Issuer Day" project, meetings were held with investors and professional market participants for Kazakhtelecom JSC, Kcell JSC, KEGOC JSC and others.

In the course of its international cooperation, KASE took an active part in professional exchange associations, in particular the World Federation of Exchanges (WFE), the Euro-Asian Federation (FEAS), the Association of Exchanges of the CIS Countries (IAB CIS), and also participated in and hosted online events to discuss growth opportunities for the stock markets in the region.

For reference

Kazakhstan Stock Exchange JSC is a leading stock exchange in the Central Asian region. KASE ranks second among the CIS exchanges in terms of securities trading volume and fourth in terms of capitalization of stock markets of FEAS exchanges.

It is a universal trading platform for corporate and government securities, bonds of international financial organizations, foreign currencies, money market transactions – repo and currency swap, as well as derivatives.

KASE is a member of the International Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS), the International Association of Exchanges of the Commonwealth of Independent States (IAB CIS), The Global Association of Central Counterparties (CCP Global) and other international and domestic professional associations. It also participates in the UN Sustainable Stock Exchanges Initiative.

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