

CAPITAL MARKETS

IN KAZAKHSTAN, UZBEKISTAN, KYRGYZSTAN, AND
AZERBAIJAN: PROSPECTS AND TRENDS

CAPITAL MARKETS IN
KAZAKHSTAN, UZBEKISTAN,
KYRGYZSTAN, AND AZERBAIJAN:
PROSPECTS AND TRENDS



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FROM THE GOVERNOR OF THE ASTANA INTERNATIONAL FINANCIAL CENTRE



Across Central Asia and the Caucasus, capital markets are entering a new phase of development. Structural reforms, growing macroeconomic resilience, and increasing integration with global financial systems are reshaping how capital is mobilized, allocated, and invested across the region.

Dear Readers,

I am pleased to present the report “Capital Markets in Kazakhstan, Uzbekistan, Kyrgyzstan, and Azerbaijan: Prospects and Trends,” prepared by the Astana International Financial Centre.

Across Central Asia and the Caucasus, capital markets are entering a new phase of development. Structural reforms, growing macroeconomic resilience, and increasing integration with global financial systems are reshaping how capital is mobilized, allocated, and invested across the region. As these economies diversify and deepen their financial sectors, well-functioning capital markets are becoming an increasingly important driver of sustainable growth, private sector development, and long-term investment.

This report provides a comparative overview of the capital market landscapes

of Kazakhstan, Uzbekistan, Kyrgyzstan, and Azerbaijan. It examines key market segments, institutional frameworks, regulatory developments, and investment trends, while highlighting both shared challenges and country-specific trajectories. By combining data-driven analysis with regional and international benchmarks, the report aims to offer a clear and structured assessment of how these markets are evolving and where further progress can be made.

At the AIFC, we view regional cooperation, transparency, and investor confidence as essential foundations for capital market development. By providing a predictable legal environment based on English common law, robust regulatory standards, and an open financial ecosystem, the AIFC seeks to support not only Kazakhstan’s market growth but also broader regional connectivity and cross-border investment flows. Strengthening

linkages between markets and aligning practices with international standards can unlock new opportunities for issuers, investors, and financial institutions alike.

This report provides an overview for stakeholders, including investors, financial institutions, regulators, industry experts, and market participants - who seek to understand the dynamics shaping capital markets in Central Asia and the Caucasus. By identifying key trends, opportunities, and constraints, it is intended to support informed decision-making and contribute to the continued development of resilient, inclusive, and competitive financial markets across the region.

Sincerely,
Renat Bekturov
Governor
Astana International
Financial Centre

LIST OF ABBREVIATIONS



AIFC Astana International Financial Centre	CCP Central Counterparty	FII Foreign Institutional Investor	IMF International Monetary Fund	mln million	RNAMI Recognised Non-AIFC Market Institution
AIX Astana International Exchange	CIS Commonwealth of Independent States	FTSE Financial Times Stock Exchange (FTSE Russell)	IPO Initial Public Offering	MoF Ministry of Finance	SDG Sustainable Development Goal
AIX CSD Astana International Exchange Central Securities Depository	CNY Chinese yuan	GDP Gross Domestic Product	KASE Kazakhstan Stock Exchange	MFO Microfinance Organization	SOE State-Owned Enterprise
AFSA Astana Financial Services Authority	CPI Consumer Price Index	GCC Gulf Cooperation Council	KCSD Kazakhstan Central Securities Depository	NBK National Bank of Kazakhstan	SPO Secondary Public Offering
ARDFM Agency for Regulation and Development of the Financial Market (Republic of Kazakhstan)	CSD Central Securities Depository	GBP British pound sterling	KGS Kyrgyz som	NDC National Depository Center (Azerbaijan)	T+0 / T+2 Settlement cycle (same day / two business days)
AZN Azerbaijani manat	EDB Eurasian Development Bank	HOSE Ho Chi Minh Stock Exchange	KZT Kazakhstani tenge	NFRK National Fund of the Republic of Kazakhstan	thsd thousand
bln billion	ENPF / UAPF Unified Accumulative Pension Fund	HNX Hanoi Stock Exchange	LCY Local currency	NPF Non-prefunding	UAE United Arab Emirates
BEPS Base Erosion and Profit Shifting	ESG Environmental, Social and Governance	ICMA International Capital Market Association	LSEG London Stock Exchange Group	OECD Organisation for Economic Co-operation and Development	USD United States dollar
BSE Baku Stock Exchange	ETF Exchange-Traded Fund	ICSD International Central Securities Depository	MEKAM Medium-term government bonds of the Republic of Kazakhstan	PE Private Equity	VC Venture Capital
CBI Climate Bonds Initiative	EUR euro	IFIs International Financial Institutions	MEKKAM Short-term government securities of the Republic of Kazakhstan	PLN Polish zloty	WFE World Federation of Exchanges
	FDI Foreign Direct Investment		MEUKAM Long-term government bonds of the Republic of Kazakhstan	Repo Repurchase agreement	WSE / GPW Warsaw Stock Exchange
				RNAM Recognised Non-AIFC Member	

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EXECUTIVE SUMMARY

1

Capital markets across Kazakhstan, Uzbekistan, Kyrgyzstan, and Azerbaijan are undergoing structured development. Recent enhancements in macroeconomic stability, regulatory frameworks, and market infrastructure have established a foundation for growth, with activity now progressing from initial institution-building toward deeper, more functional markets in targeted segments.

KAZAKHSTAN REPRESENTS THE MOST ADVANCED CAPITAL MARKETS

Kazakhstan represents the most advanced Capital Markets in the region, supported by investment-grade sovereign credit ratings, sizeable domestic savings pools, and comparatively developed infrastructure. The coexistence of an exchange operating under Kazakhstan's civil-law framework (KASE) and an exchange governed by English common law within the Astana International Financial Centre constitutes a distinctive institutional advantage. While KASE anchors local-currency liquidity and benchmark formation, AIX facilitates cross-border issuance, international custody connectivity, Islamic securities, and access for global institutional investors.

Other regional markets are at earlier and differentiated stages of development, with varying strategic priorities. Uzbekistan is progressing through state-coordinated reforms, with debt markets leading capital-market activity. Kyrgyzstan is focused on strengthening its market architecture and technical infrastructure. Azerbaijan has adopted a structured development strategy and is actively implementing it to expand market participation and issuer readiness.

International experience indicates that not just market size alone but institutional quality, operational accessibility, and regulatory consistency have effect on the capital-market maturity and global index classification. In this regard, the development trajectories of Viet Nam, UAE and Poland provide relevant benchmarks, demonstrating how sequenced reforms and sustained alignment with international standards can enhance investment flow and strengthen investor confidence.

Overall, capital markets in the region remain at an emerging stage, with clear progress in foundational areas and identifiable pathways for further development. Continued focus on deepening liquidity, broadening the issuer and investor base, and aligning market practices with international norms will be critical to enhancing their role in long-term financing and economic resilience.

MACRO OVERVIEW OF KAZAKHSTAN

Kazakhstan’s macroeconomic environment provides a broadly supportive foundation for capital market development. Nominal GDP reached USD 291.2 bln in 2024 with a government target of USD 450 bln by 2029, investment-grade ratings from all three major agencies, and over USD 110 bln in combined state-managed savings. At the same time, monetary tightening — the base rate raised to 18% in October 2025 — alongside tenge depreciation and declining FDI inflows create near-term friction that capital markets must navigate.

KEY FIGURES



USD 291.2 bln

Nominal GDP in 2024, with a government target of USD 450 bln by 2029

USD 63.6 bln

NFRK sovereign wealth fund assets as of November 2025

18%

NBK base rate as of October 2025 — raised to curb renewed inflation

12.4%

Annual CPI, as of November 2025

USD 46.7 bln

UAPF pension fund assets as of end-October 2025

Investment grade

Sovereign ratings from all three major agencies: S&P BBB-, Moody’s Baa1, Fitch BBB

USD 17.8 bln

Gross FDI inflows in 2024, down from USD 23.9 bln in 2023

2. MACRO OVERVIEW OF KAZAKHSTAN

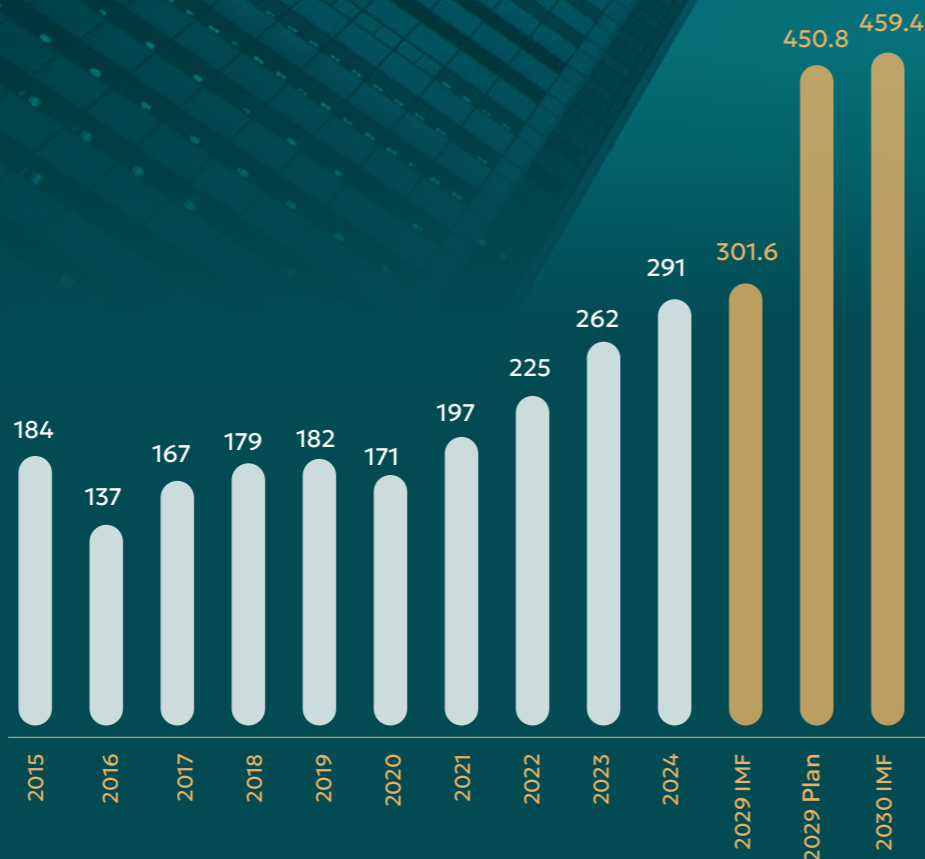
KAZAKHSTAN'S GDP

Kazakhstan, the largest economy in Central Asia, has maintained a broadly positive growth trajectory over the past decade. In 2024, the country's nominal GDP reached USD 291.2 bln. The authorities have set an ambitious target to increase nominal GDP to USD 450 bln by 2029. According to the IMF's 2025 projections, Kazakhstan's GDP is expected to rise further to approximately USD 429.5 bln by 2030.

Figure 1

Kazakhstan Nominal GDP, bln USD

Source: Bureau of National Statistics, IMF Forecast 2025

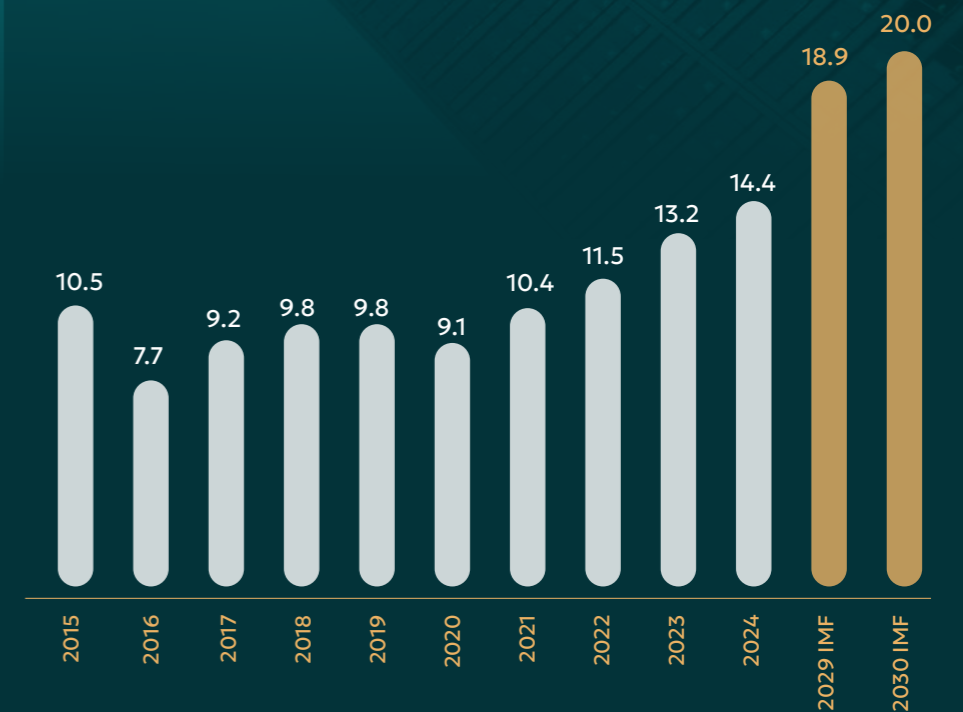


In per capita terms, Kazakhstan's income dynamics reflect an initial adjustment followed by a period of recovery and acceleration. GDP per capita declined from USD 10.5 thsd in 2015 to USD 7.7 thsd in 2016, amid weaker external conditions and macroeconomic adjustment. Since then, it has moved onto a steady upward trajectory. By 2024, GDP per capita had reached USD 14.4 thsd, exceeding its pre-2015 level. IMF projections suggest that by 2030 Kazakhstan's GDP per capita could rise further to around USD 20.0 thsd.

Figure 2

Kazakhstan's GDP per capita, thsd USD

Source: Bureau of National Statistics, IMF Forecast 2025



In a regional comparison, Kazakhstan is projected to remain one of the income leaders in the CIS. According to IMF projections, by 2030 Kazakhstan's GDP per capita is expected to reach about **USD 20.0 thsd**, slightly above the Russian Federation (**USD 19.8 thsd**).

2. MACRO OVERVIEW OF KAZAKHSTAN

Figure 3

IMF projections: GDP per capita in CIS countries by 2030, thsd USD

Over 2015–2024, the sectoral structure of Kazakhstan’s GDP has been relatively stable. Manufacturing and mining together consistently account for **around one quarter of gross value added**, underscoring the continued importance of industry and resource extraction in the economy. The share of trade gradually increased from about 17% in 2015 to 19% in 2024. Construction, transport and agriculture each contribute relatively modest shares and exhibit only moderate fluctuations over the period.

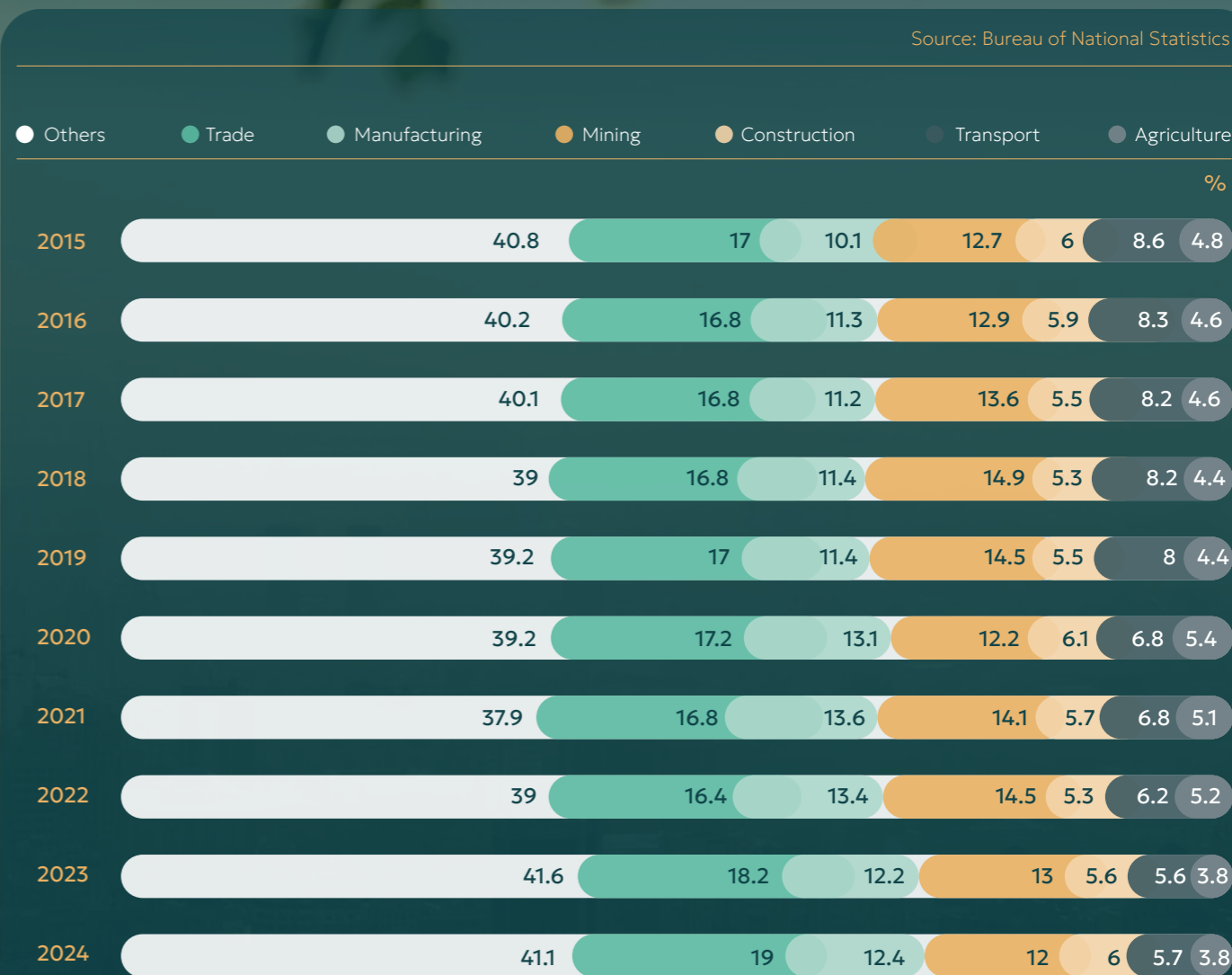
Source: IMF Forecast



Figure 4

Sectoral structure of Kazakhstan’s GDP, %

Source: Bureau of National Statistics



Sustained growth in nominal and per-capita GDP underpins Kazakhstan’s expanding domestic investor base, supports sovereign revenue generation, and strengthens the long-term capacity of local capital markets.

2. MACRO OVERVIEW OF KAZAKHSTAN

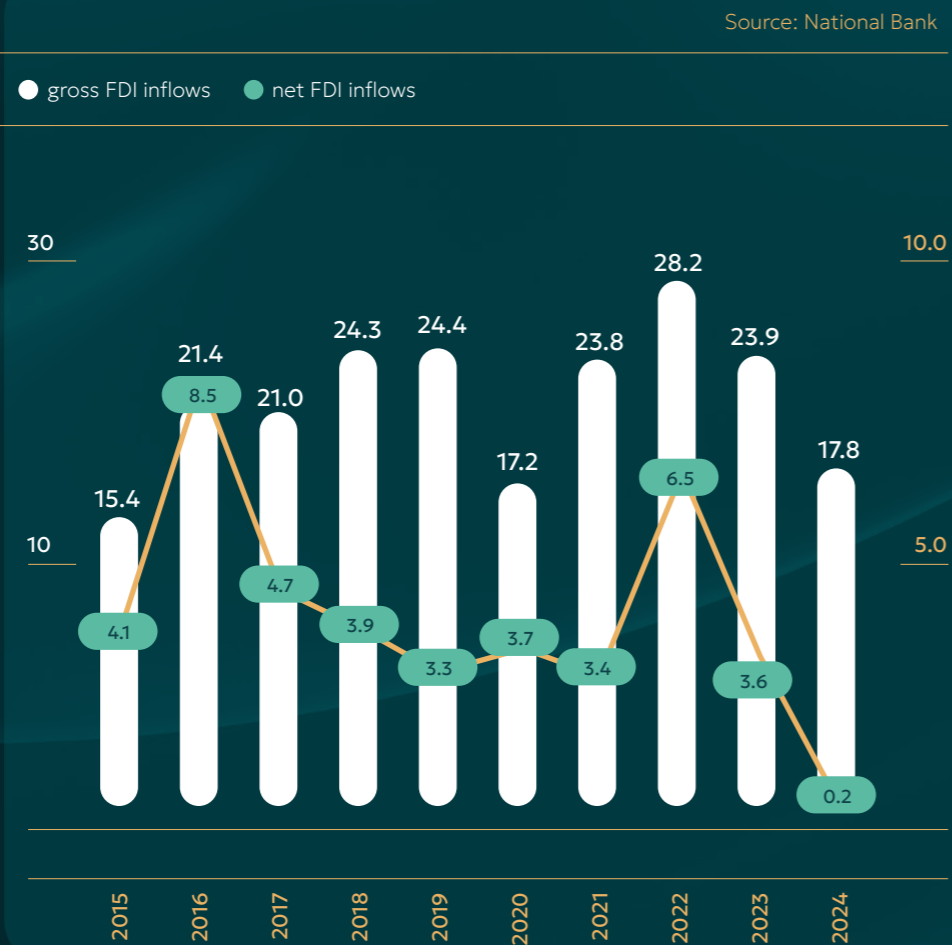
2.2

KAZAKHSTAN'S FDI

In 2024, Kazakhstan recorded a decline in foreign direct investment (FDI), with gross inflows falling from USD 23.9 bln to USD 17.8 bln. Net inflows, which had reached USD 6.5 bln in 2022, decreased to below USD 4 bln in 2023 and were close to zero in 2024, indicating higher volatility in capital movements.

Figure 5

FDI inflows, bln USD



The decline was primarily driven by reduced investment in the mining sector, particularly oil and gas, which has historically been the main recipient of foreign capital. Lower reinvested earnings and fewer new projects in the extractive sector weighed on overall FDI dynamics.

Figure 6

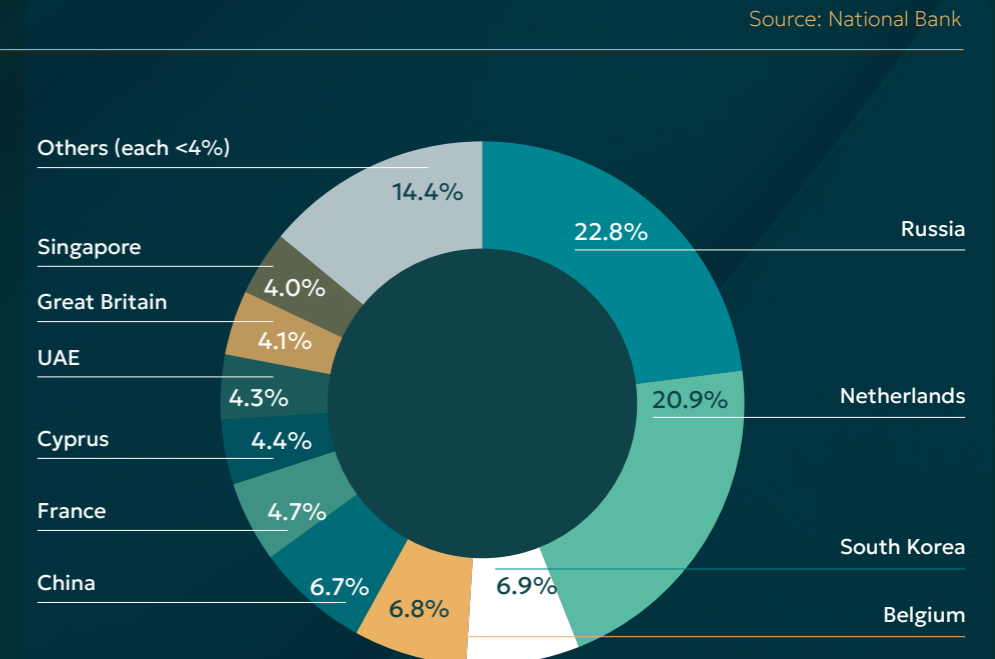
Net FDI inflows (outflows) by sector, 2024, bln USD



The country's composition of FDI inflows also shifted in 2024. Russia emerged as the largest investor, followed by the Netherlands, with additional inflows from South Korea, Belgium, and China. At the same time, the most pronounced declines in FDI were recorded from the United States, the Netherlands, Switzerland, and China.

Figure 7

Kazakhstan: Gross FDI Inflows by Country, 2024



2. MACRO OVERVIEW OF KAZAKHSTAN

2.3

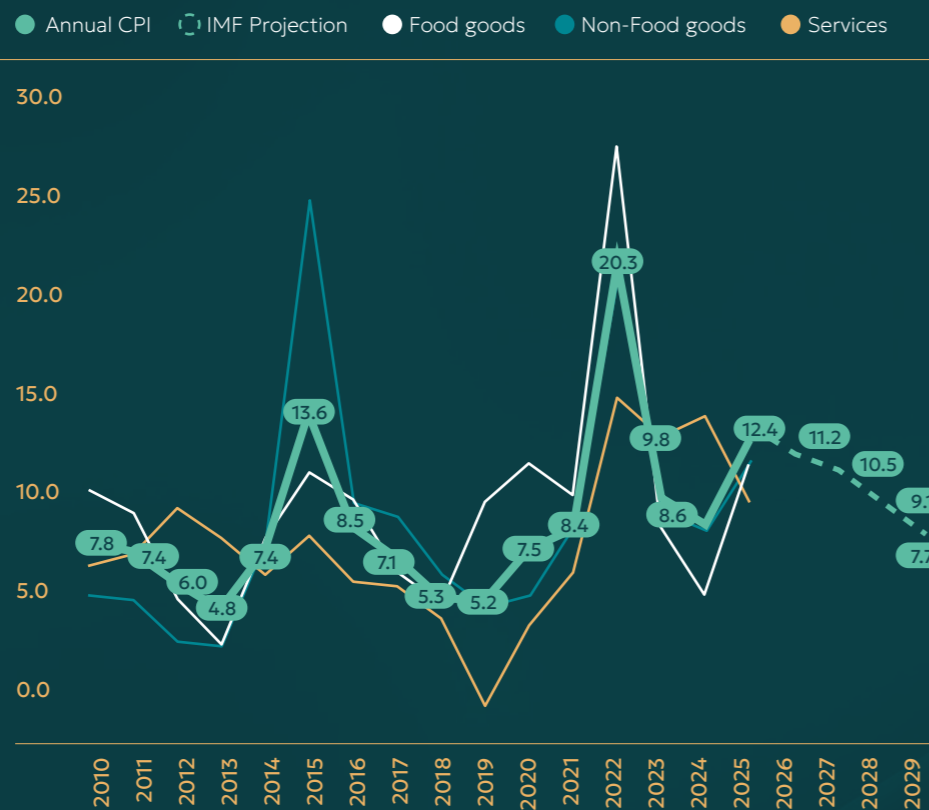
KAZAKHSTAN'S MONETARY POLICY

Inflation in Kazakhstan has been **volatile** over the past decade, ranging from **4.8% in 2013** to a peak of **20.3% in 2022**. Inflation moderated to **8.6% in 2024**. Prices for paid services increased by 13.3% year-on-year (up from 12.4% in 2023), while inflation in non-food goods stood at 8.3% (down from 9.1%), and food price inflation eased to 5.5% (from 8.5%). **In November 2025**, inflation rose again to **12.4%**, reflecting renewed price pressures.

Figure 8

Annual CPI, actual (2005-11m 2025) And IMF Projections (2025-2029)

Source: National Bank, IMF Forecast 2025



IMF projections envisage **gradual disinflation**, with inflation declining from **11.2% in 2026 to 7.7% by 2029**, conditional on maintaining a tight monetary stance.

Figure 9

KZT Base Rate Vs. Lending & Deposit Rates, % (2022 – 10 m 2025)

Against this backdrop, on **10 October 2025**, the National Bank of Kazakhstan raised the **base rate to 18%**¹. Interest rates increased across deposit and lending segments, confirming policy transmission. By October 2025, corporate deposit rates averaged 16.3%, household deposits 14.6%, while lending rates remained elevated at 19.7% for corporates and 21.5% for households.

¹ National Bank of Kazakhstan Raises Base Rate to 18% to Curb Rising Inflation

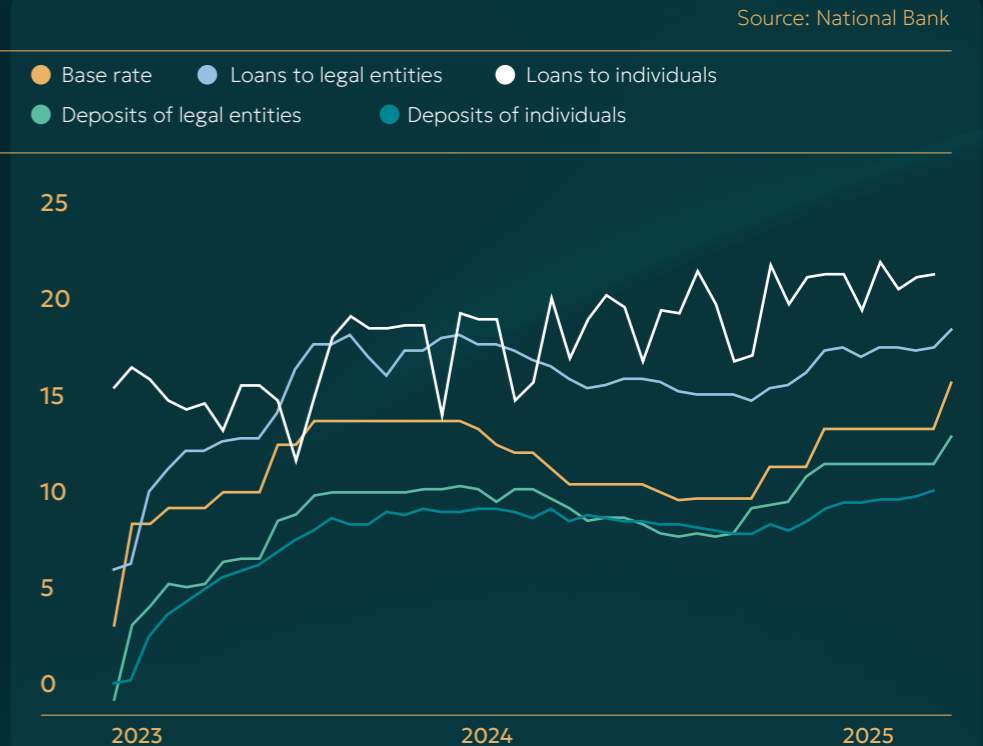
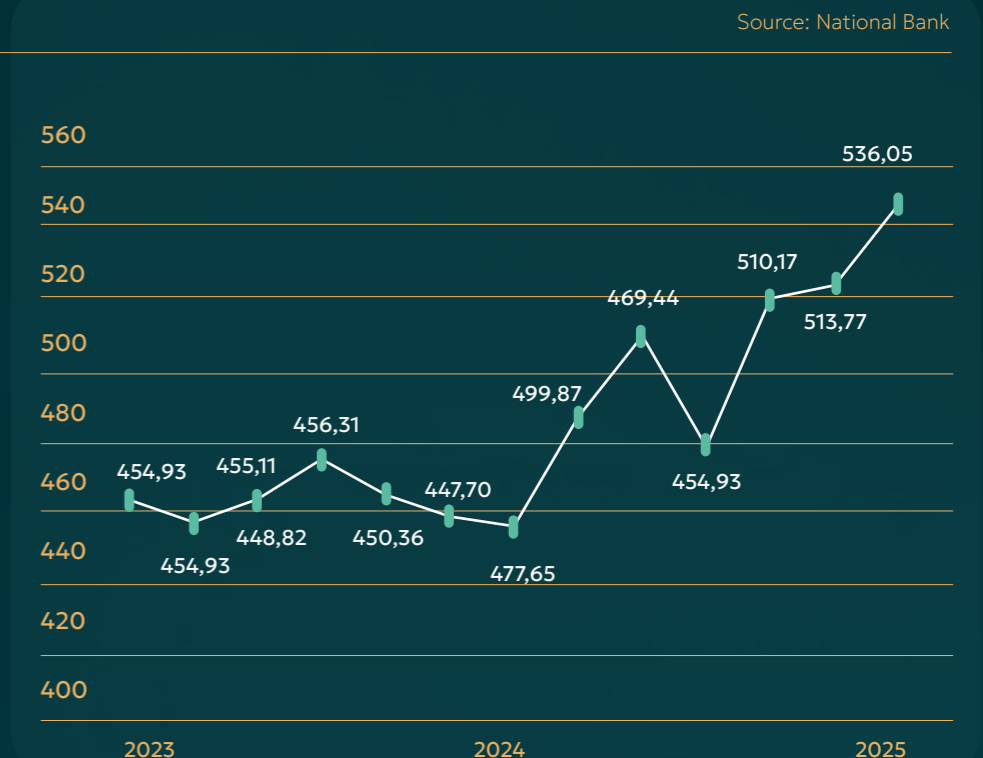


Figure 10

Nominal exchange rate KZT/USD



SOVEREIGN CREDIT RATINGS

Kazakhstan holds investment-grade sovereign credit ratings from all three major international rating agencies:

S&P Global Ratings assigns Kazakhstan a BBB- rating with a positive outlook

Moody's Investors Service rates the country at Baa1 with a stable outlook

Fitch Ratings assigns a BBB rating with a stable outlook

These ratings position Kazakhstan at the upper end of the credit spectrum among countries in the Caucasus and Central Asia, reflecting solid macroeconomic fundamentals, sizeable fiscal and external buffers, and moderate public debt levels, while also incorporating the economy's exposure to commodity price cycles.

Sovereign credit ratings serve as a key benchmark for sovereign wealth funds, pension funds, and other institutional investors, directly influencing Kazakhstan's borrowing costs, market access, and investor demand for sovereign and quasi-sovereign instruments in both domestic and international capital markets.

Figure 11

Sovereign Credit Ratings Comparison

Source: Moody's Corporation, S&P Global, Fitch Ratings Inc.

↑ Positive ● Stable ↓ Negative

		MOODY'S	S&P	FITCH	
PRIME	Aaa				AAA
HIGH INVESTMENT GRADE	Aa1 Aa2 Aa3				AA+ AA AA-
UPPER MEDIUM INVESTMENT GRADE	A1 A2 A3				A+ A A-
LOWER MEDIUM INVESTMENT GRADE	Baa1	KAZAKHSTAN ●			BBB+
	Baa2			KAZAKHSTAN ●	BBB
	Baa3	AZERBAIJAN ↑	KAZAKHSTAN ↑	AZERBAIJAN ●	BBB-
NON-INVESTMENT GRADE SPECULATIVE	Ba1		AZERBAIJAN ↑		BB+
	Ba2		UZBEKISTAN ●	UZBEKISTAN ●	BB
	Ba3	UZBEKISTAN ↑			BB-
HIGHLY SPECULATIVE	B1		KYRGYZSTAN ●		B+
	B2			KYRGYZSTAN ●	B
	B3	KYRGYZSTAN ↑			B-
SUBSTANTIAL RISK	Caa1				CCC+
	Caa2				CCC
	Caa3				CCC-
EXTREMELY SPECULATIVE OR DEFAULT IMMINENT	Ca				CC
DEFAULT	C				D

2. MACRO OVERVIEW OF KAZAKHSTAN

STATE FUNDS IN KAZAKHSTAN: NFRK AND UAPF (ENPF)

Kazakhstan’s macroeconomic framework is underpinned by two major state-managed funds, the National Fund of the Republic of Kazakhstan (NFRK) and the Unified Accumulative Pension Fund (UAPF). Together, they play a central role in fiscal stabilization, long-term savings, and domestic financial market development.

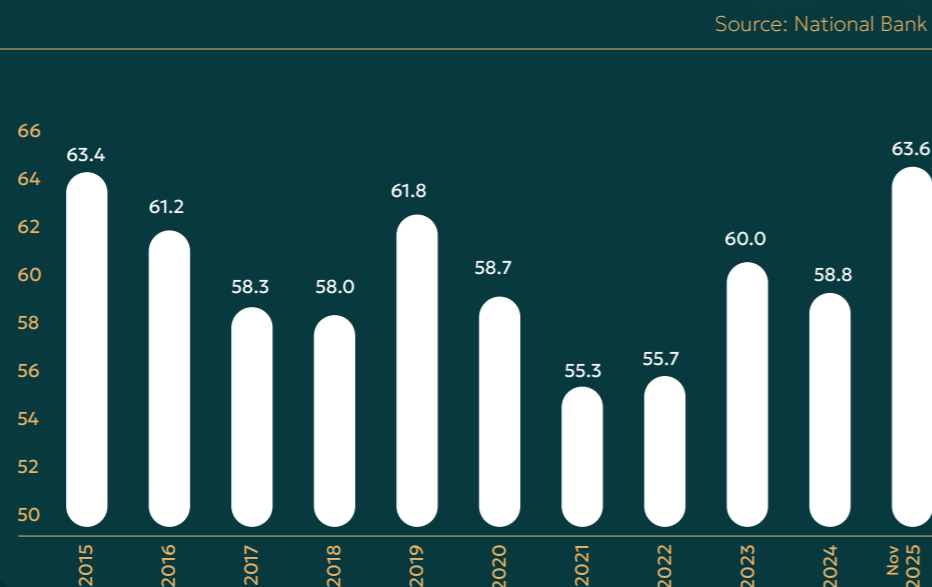
National Fund of the Republic of Kazakhstan (NFRK)

Established in 2000, the NFRK serves as Kazakhstan’s sovereign wealth fund, designed to smooth fiscal revenues from the oil and gas sector and accumulate savings for future generations. The fund’s assets are primarily invested in international financial markets, supporting diversification away from commodity-related risks.

Figure 12

Foreign-currency assets of the National Fund of the Republic of Kazakhstan (NFRK), bln USD

Foreign-currency assets of the NFRK declined from USD 63.4 bln in 2015 to USD 55.3 bln in 2021, reflecting lower commodity revenues and budget transfers. Assets subsequently recovered, reaching USD 58.8 bln in 2024 and increasing further to USD 63.6 bln as of November 2025.

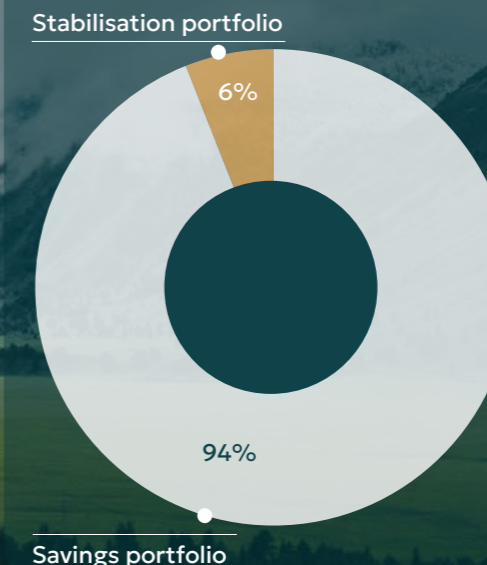


Source: National Bank

Figure 13

Portfolio weights of the National Fund, 2024

In 2024, the portfolio structure remained predominantly savings-oriented, with the savings portfolio accounting for 94% of total assets and the stabilization portfolio representing 6%, underscoring the fund’s continued focus on long-term savings rather than short-term stabilization.



Source: National Bank

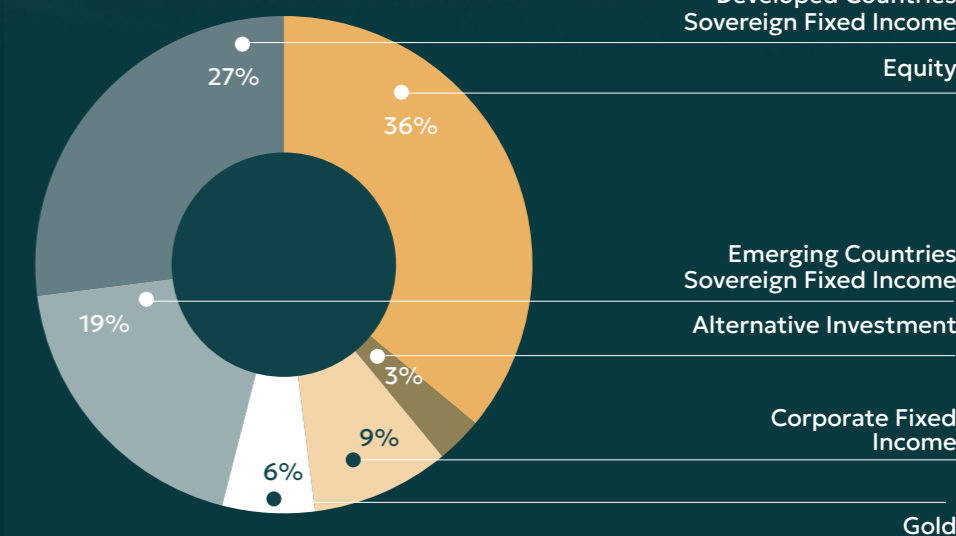
In 2024, 94% of the NFRK assets were allocated to the savings portfolio according to the NBK. Within the savings portfolio, 55% are invested into fixed income instruments, while the share of equities has increased compared to the previous year.

Assets of the NFRK are managed by the NBK and external asset managers. In case of asset management company’s localisation in the AIFC, such a potential manager of the NFRK is awarded with additional points in scoring system according to the NBK rule.

Figure 14

Savings Portfolio of the National Fund, 2024

Within the savings portfolio, asset allocation is tilted toward fixed income instruments, providing stability and liquidity, while exposure to equities, gold, and alternative investments has increased. This reflects a gradual shift toward higher long-term returns while maintaining a conservative risk profile.



Source: National Bank

2. MACRO OVERVIEW OF KAZAKHSTAN

2.5

Unified Accumulative Pension Fund (UAPF)

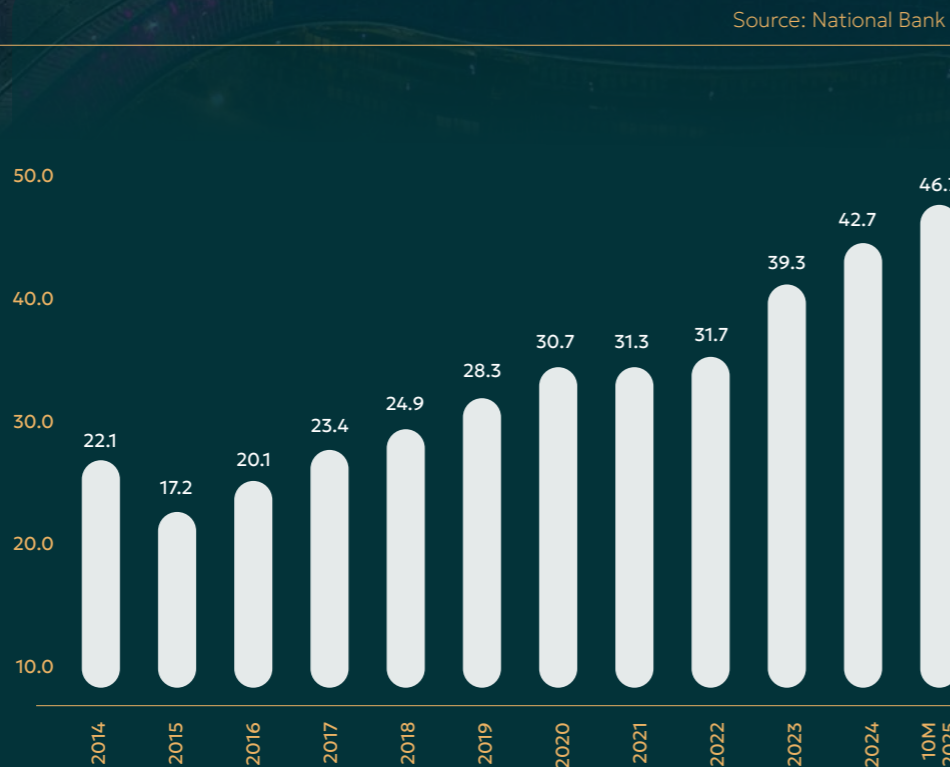
The Unified Accumulative Pension Fund (UAPF) plays a central role in Kazakhstan’s social security system by managing mandatory pension contributions from the workforce. The fund invests these contributions to generate returns that will support future pension payments, making it a key long-term institutional investor in the domestic financial system.

Assets and Investment Structure

As of **end-2024**, UAPF assets stood at **USD 42.7 bln** and increased further to **USD 46.7 bln by end-October 2025**, reflecting continued inflows of pension contributions and favorable asset valuation effects.

Figure 15

Assets of the Pension fund, end of period, bln USD



The UAPF follows a **diversified investment strategy**, with allocations across domestic and international asset classes, while maintaining a conservative overall risk profile.

Figure 16

Asset Structure of Pension System Savings, %

As of **end-October 2025**, the asset allocation remained **predominantly fixed-income oriented**, with **government and corporate debt accounting for around 72% of total assets**. The share of **government securities increased to approximately 58.2%**, while **corporate debt declined to about 14.0%**, highlighting the UAPF’s growing role in anchoring demand for sovereign debt across the yield curve.

Source: National Bank



KAZAKHSTAN CAPITAL MARKET OVERVIEW

3

KEY FIGURES



2.17 mln

Retail brokerage accounts in AIX CSD by September 2025 — up from just 103,000 in 2020

62.1%

Share of secondary equity market turnover driven by individual investors in 2024

2.3x

Growth in primary corporate bond placements on KASE in 2024, year-on-year

USD 819 mln

AIX debt trading volume in 2024 — a historical high for the exchange

176 issuers on AIX

276 issuers on KASE

as of September 2025

USD 81 bln

Total bonds outstanding at 42.5% of GDP as of September 2025

USD 7 bln

Cumulative capital raised on the AIX

Kazakhstan’s capital market is undergoing a structural deepening driven by three converging forces: a wave of landmark state-owned enterprise IPOs, the rapid mobilisation of retail investors through digital platforms, and the emergence of a dual-exchange ecosystem where KASE anchors domestic tenge liquidity and AIX provides international access and product sophistication. The debt market is the backbone, with bonds outstanding now exceeding USD 81 bln, while the retail transformation is reshaping equity trading — individual investors generated over 62% of secondary equity turnover in 2024.

SUMMARY
PARAGRAPH



EXISTING STRUCTURE: AIX AND KASE (ARDFM AND AFSA)

THE DUAL REGULATORY FRAMEWORK: CIVIL LAW AND COMMON LAW

3.1.1

Capital Market Fundamentals and Dual Regulatory Framework

Key takeaways



Dual Regulatory Foundation:

The market operates under a dual legal structure. The national legal system, based on civil law (KASE/ARDFM), ensures strict retail protection. Common law framework, which operates under the AIFC’s “special legal regime” based on English common law principles (AIX/AFSA), providing the necessary international flexibility and sophisticated instruments.

Structural Liquidity Imbalance:

Overall volume is dominated by short-term Repo transactions, resulting in rather low depth for equity capital

Strategic Role of AIFC:

The AIFC’s common-law environment is strategically positioned as the critical enabler for the emerging Alternative Markets (VC/PE/Hedge Funds), which seek international regulatory standards and greater product sophistication than available domestically.

Market is dominated by the state-owned enterprises (SOEs)

The capital market is a system that allows businesses and entities to raise capital and investors to allocate their savings. Essentially, the exchange acts as the trading platform, overseen by a regulator responsible for governance, rule-writing, and ensuring market stability. Kazakhstan operates a strategic dual regulatory framework involving two distinct platforms: the Kazakhstan Stock Exchange (KASE), regulated by the Agency for Regulation and Development of the Financial Market (ARDFM), and the Astana International Exchange (AIX), regulated by the Astana Financial Services Authority (AFSA). In addition, the AIFC capital market ecosystem includes International Trading System Ltd. (ITS), authorized by AFSA to operate a Multilateral Trading Facility and Central Counterparty.

The Dual Regulatory Framework: Civil Law and Common Law

The primary difference between the two exchanges lies in their institutional and regulatory foundations. KASE operates under the jurisdiction of the Republic of Kazakhstan, governed by a civil law system. This framework is highly prescriptive, prioritizing comprehensive domestic retail investor protection. Conversely, AIX is regulated under the AIFC’s “special legal regime”², which constitutes an independent, common-law jurisdiction based on English common law principles. This special zone provides an adaptive legal base that enables regulators to rapidly incorporate international best practices and market precedents, which is crucial for cross-border transactions and the listing of sophisticated instruments.

² AIFC.kz

The AIFC’s common-law environment is strategically positioned as the critical enabler for the emerging alternative markets including VC, PE, and hedge funds, which seek international regulatory standards and greater product sophistication than available domestically. Its key advantages for capital market participants include:

1

Product Sophistication:

The regulatory flexibility allows AIX to list a wider range of products, including Yuan-denominated bonds (RMB bonds), Exchange-Traded Funds (ETFs), cross-border listings, and specialized Islamic financial instruments. The ability to execute transactions in any major currency, including the US Dollar (USD), Tenge (KZT), British Pound (GBP), and the Chinese Yuan (CNY).

2

Special Tax Regime:

A BEPS-compliant preferential tax regime offers critical advantages, including potential exemptions from Corporate Income Tax, Value-Added Tax, Personal Income Tax, and various exemptions on the gains from market operations, depending on the company’s activity.

Distinct Central Securities Depositories (CSDs)

- **KASE & KCSD (National System):** Transactions executed on KASE are cleared and settled via the Central Securities Depository (KCSD)³, which is the national CSD and operates exclusively under the civil law jurisdiction of the Republic of Kazakhstan. The KCSD primarily handles Tenge-denominated securities and operates under national banking and market rules.
- **AIX & AIX CSD (International System):** Securities listed and traded on AIX are settled through the AIX Central Securities Depository (AIX CSD). This entity operates under the common law framework of the AIFC and is designed for international interconnectivity. Crucially, the AIX CSD has established direct links with major international custodians and settlement infrastructures, such as Euroclear. The connectivity between AIX CSD and Euroclear supports the integration of Kazakhstan’s market infrastructure with the global financial system by enabling local participants to access Euroclear-eligible international securities via established international custody arrangements. In addition to AIX CSD, the AIFC also includes ITS CSD Ltd., an AFSA-authorized central securities depository serving transactions executed on the International Trading System (ITS).

³ Kase.kz

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

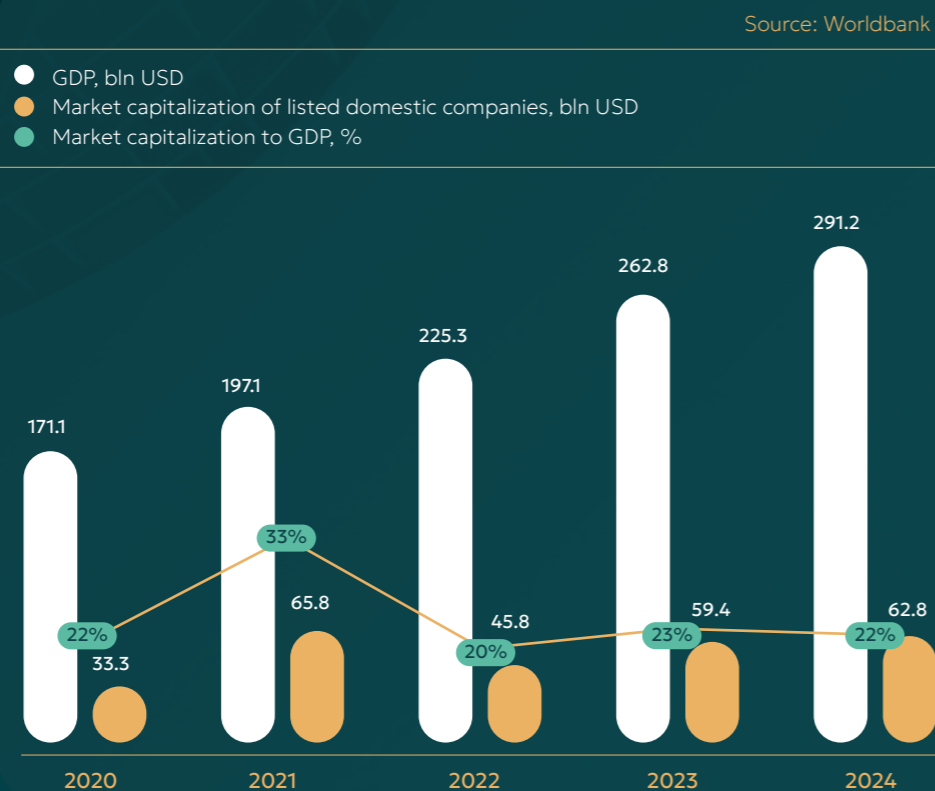
INDICATORS

31.2

Kazakhstan’s equity market capitalization-to-GDP ratio⁴ remains structurally low, indicating that capital markets have not kept pace with the economy’s sustained nominal growth. While GDP has expanded steadily, equity market depth has lagged, pointing to significant untapped potential. Market volatility remains elevated, as reflected in the sharp contraction of the capitalization-to-GDP ratio from 33% in 2021 to 20% in 2022, underscoring sensitivity to external shocks and limited market breadth.

⁴ Market capitalization of listed domestic companies (% of GDP) – Kazakhstan, World Bank Group

Figure 17
Kazakhstan GDP in bln USD, Stock market capitalization, percent of GDP



Against this backdrop, the government’s privatization and equity placement agenda is well timed. The planned equity offerings of JSC NC Kazakhstan Temir Zholy and JSC NC QazaqGaz, while limited in number, are expected to serve as incremental steps toward expanding market capitalization and supporting liquidity development.

Figure 18

KASE Trading volume, bln USD

- Foreign currency market
- Money market
- Securities market



Trading activity on KASE is heavily concentrated in the **money market**, which consistently accounts for the majority of total volumes. Between 2020 and 2024, total trading volume remained high in absolute terms, peaking in 2023 before slightly declining in 2024. Securities-market trading represents only a **small share of total activity**, while foreign exchange trading plays a secondary role relative to money market operations⁵.

According to KASE data, **growth** in exchange trading activity in the first nine months of 2025 **was driven by increased turnover in the securities market, primarily reflecting higher trading volumes in corporate and government bonds**, while equity-market activity remained limited⁶.

The money market remains the largest segment of trading on KASE, comprising primarily repo transactions, interbank placements, and other short-term liquidity

instruments used by financial institutions⁶. While money market turnover declined in the first nine months of 2025, this reflects changes in liquidity operations rather than capital-market activity. Trading in derivative securities remains minimal in absolute terms. However, it represents a new and emerging segment of Kazakhstan’s capital market, providing the initial framework for the development of hedging and risk-management instruments.

⁵ KASE annual report, 2024

⁶ KASE announces exchange market results for Q3 and nine months of 2025

Source: KASE

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.1.2

Figure 19

AIX trading volume, mln USD

Trading volumes on AIX have expanded rapidly over the past five years, with **debt securities emerging as the dominant segment**. In 2024, total debt trading volume reached USD 819 mln, while equity trading amounted to **USD 495 mln**, both marking historical highs for the exchange. Following moderate activity in 2018–2020, volumes accelerated significantly from 2021 onward, reflecting increased issuance, broader investor participation, and growing use of AIX as a platform for capital-raising and secondary trading⁷.

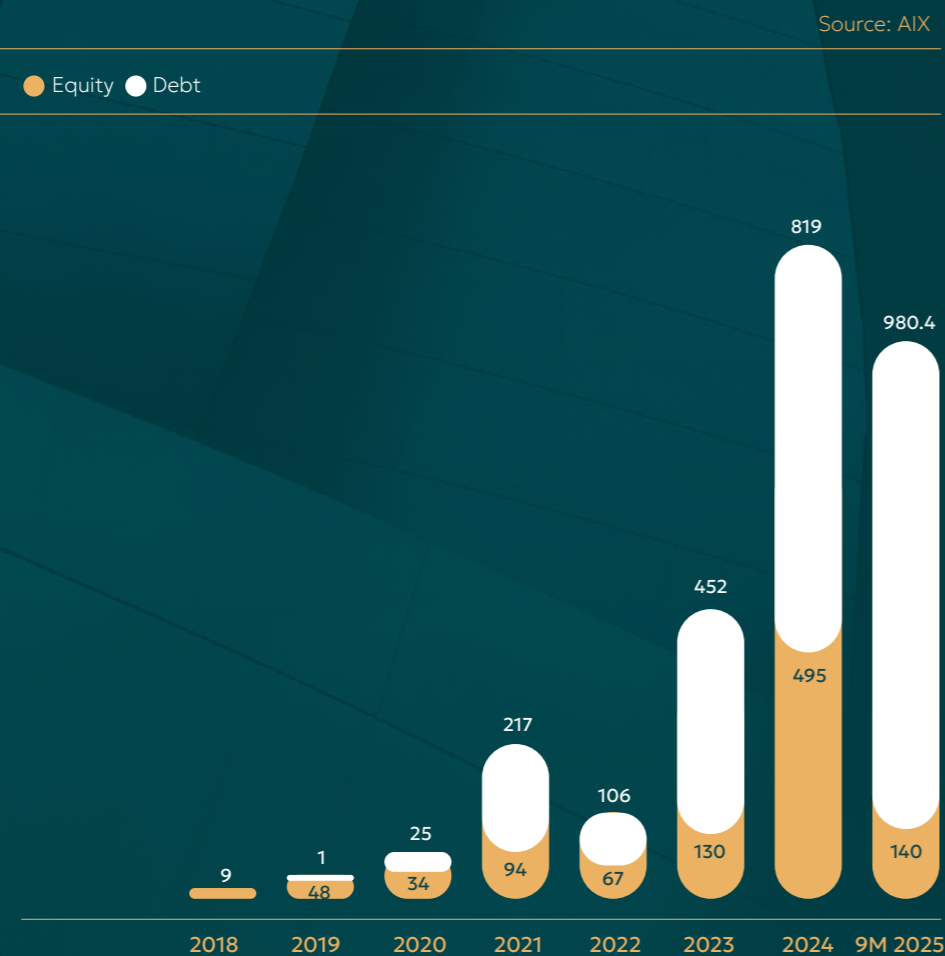
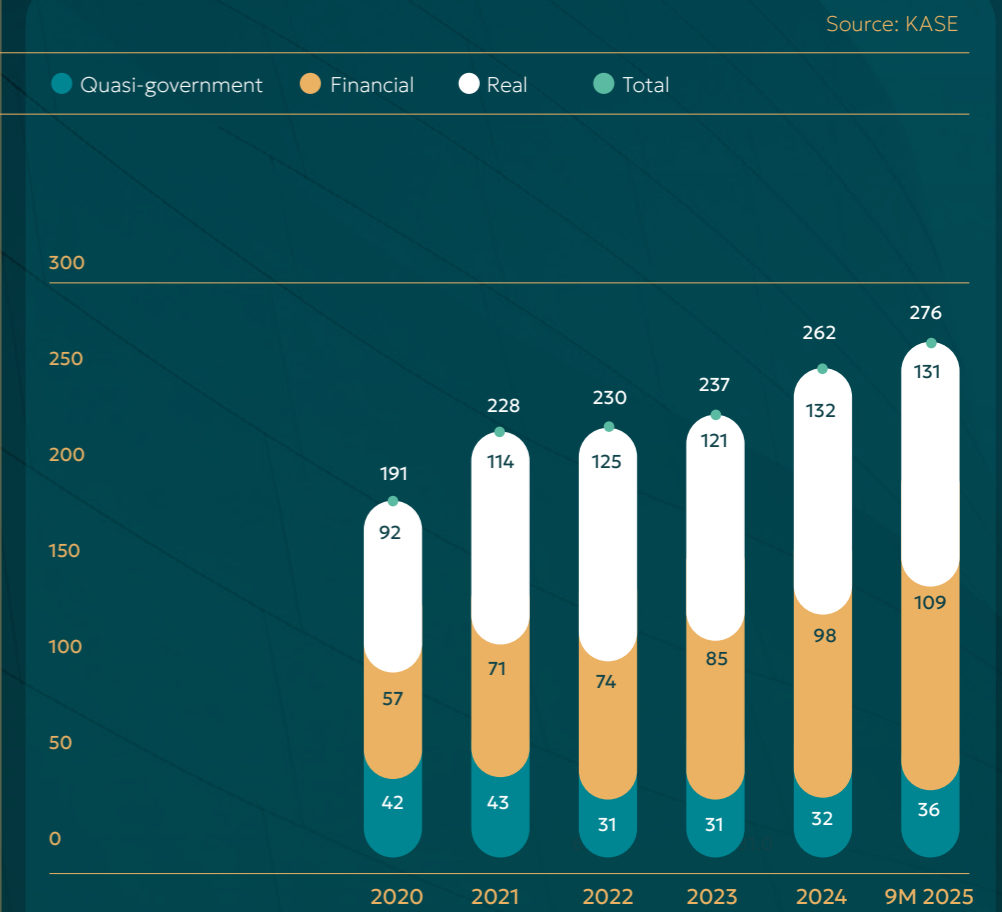


Figure 20

Issuers by economic sectors (KASE)

Despite the initial retrenchment from 2020, the Quasi-Government sector remains an important driver of the market with successful and anticipated execution of strategic privatization. The Financial Sector is the fastest-growing segment on KASE in terms of the number of issuers⁸. The Financial Sector is the primary engine for increasing the number of listed entities, significantly outpacing the Real Sector. However, the Real Sector continuously holds the largest number of issuers across all years.



⁷ Capital Markets Overview, Q3 2025

⁸ Newsletter, 2025 by KASE

EQUITY

IPOS 3.2.1

Kazakhstan’s securities market has entered a phase of significant growth and deepening liquidity, anchored by a series of landmark national IPOs. Since 2022, “Samruk-Kazyna” has been implementing a transformation strategy aimed at privatizing its assets while retaining state control over strategically important sectors of the economy. As part of this strategy the Fund has gone through equity offerings, including IPOs of portfolio companies⁹. High-profile state-owned companies, including Kazatomprom, KazMunayGaz, and Air Astana, have successfully carried out initial public offerings, increasing market capitalization and visibility.

Several other major companies are preparing to launch IPO in near future. This initiative has increased the capital markets activities in Kazakhstan and increased the interest of the public leading to the increase of the retail investors.

This expansion is fundamentally driven by the increasing engagement of both retail and institutional investors:

1

Retail Investor Surge: Local retail participation has surged, fueled by the need for diversification, improved access via online trading platforms, and growing financial literacy. For example, in the recent KazMunayGas and Air Astana offerings, retail investors secured the largest portion of shares.

2

International Institutional Confidence: Institutional investors, including the pension fund, the sovereign wealth fund, and international asset managers, are demonstrating heightened interest. The Air Astana IPO in February 2024, for example, attracted participation from over 70 institutional investors. While modest in absolute terms, this level of engagement nonetheless signals increasing market depth. International institutional investors are attracted by the country’s economic stability and growth potential, aligning their investment criteria with Kazakhstan’s commitment to adopting international best practices in governance and sustainability.

The combined effect of these successful public offerings and the democratization of investment through technological advancements is contributing to increased market depth and liquidity, setting the stage for further capital market development.

⁹ Samruk Kazyna Fund to Undergo Major Transformation, says President – The Astana Times, 2022

EQUITY MARKET DYNAMICS AND CORPORATE GOVERNANCE

3.2.2

Kazakhstan’s equity market is relatively young, concentrated, and state-anchored, reflecting the country’s economic structure and the gradual evolution of its capital markets since independence. Equity financing has historically played a secondary role compared to bank lending and state funding, resulting in a market where a limited number of large issuers account for the bulk of market capitalization and trading activity. In recent years, however, the role of the equity market has begun to expand, supported by a series of landmark IPOs, the gradual implementation of the privatization programme, and the increasing use of public offerings as a policy instrument.

Quasi-Sovereign IPOs: Recent years have seen key state-owned enterprises launch initial public offerings (IPOs) as part of government privatization and ‘People’s IPO’ programme¹⁰. These have driven significant value, with the IPO of KazMunayGas (KMG) in 2022 which successfully raised approximately USD 330 mln (KZT 153.9 bln) and implied a total market capitalization of around 11 bln USD. The offer demonstrated a strong commitment to broad public accessibility, becoming the nation’s first fully “digital” IPO with 99% of all orders submitted via mobile applications, and securing over 50% of the volume for individual investors.

¹⁰ Samruk-Kazyna: IPO History, The People’s IPO Program

Furthermore, the IPO drove direct fiscal value, with half of the proceeds directed to the state budget as dividends.

The free float across the Quasi-Government portfolio is highly heterogeneous, ranging from a tight 3% (KazMunayGas, KazTransOil) to a robust 42% (Air Astana). While this variation indicates the state’s tight control over strategic assets and creates limited liquidity for specific resource giants, the structure represents a substantial opportunity for continued growth. The state’s large retained stakes provide a vast, flexible pipeline for future Secondary Public Offerings (SPOs), allowing the government to continuously inject new capital and strategic depth into the domestic equity market over the coming years.

The KASE Index is the primary, cap-weighted, free-float adjusted benchmark tracking Kazakhstan’s most significant and liquid equities. This methodology ensures index sensitivity is directly proportional to the publicly traded market capitalization of its constituents. Quasi-Government Sector anchors the market, holding a substantial 45% aggregate weight on the KASE Index, and includes world-class strategic assets in mining, energy, and critical infrastructure (e.g., Kazatomprom, KazMunayGas, and Kazakhtelecom). The privatization strategy spearheaded by the Samruk-Kazyna Sovereign Wealth Fund, exemplified by the successful execution of “People’s IPOs” (such as Kazatomprom and KazMunayGas) is actively attracting both retail and institutional capital, fostering a dynamic market environment. Preparation to hold IPOs for the Kazakhstan’s national railway operator, Kazakhstan Temir Zholy (KTZ) and QazaqGaz is attracting interest, creating significant new investment opportunities, and is moving along the right vector toward greater regional relevance and depth.

The AIX Qazaq Index is a rules-based, float-adjusted market capitalization-weighted benchmark tracking the most liquid Kazakhstani equities across AIX, KASE, and the London Stock Exchange. Unlike a pure single-venue index, its cross-venue scope reflects the increasingly international character of Kazakhstan’s listed equity universe, capturing companies registered in Kazakhstan or generating substantial operational activity or income within the country. The Index is primarily designed to measure price changes of qualifying shares and to serve as a performance reference for investment strategies focused on the liquid segment of Kazakhstan’s capital market. With 14 constituents and quarterly rebalancing, it provides a regularly refreshed, liquidity-screened view of the market. The Index is calculated on an end-of-day basis in KZT and is a price index, not adjusted for dividends.

Figure 21

Free floats of the selected public companies

Company	Free float
Kazakhtelecom	9,4% ¹¹ (as of July 2025)
KazTransOil	3% ¹² (as of March 2024)
Kegoc	15% ¹³ (as of November 2025)
Kazatomprom	25% ¹⁴ (as of November 2025)
KazMunayGas	3% ¹⁵ (as of November 2025)
AirAstana	42% ¹⁶ (as of November 2025)

¹¹ Kazakhtelecom: Results for the 1st quarter 2025

¹² KazTransOil JSC Interim condensed consolidated financial statement, 2024

¹³ KEGOC: Financial results for the 3rd quarter 2025

¹⁴ Kazatomprom.kz

¹⁵ Financial and Operational results of NC “KazMunayGas” JSC for the 9 months of 2025

¹⁶ Air Astana: Results for the 3rd quarter 2025

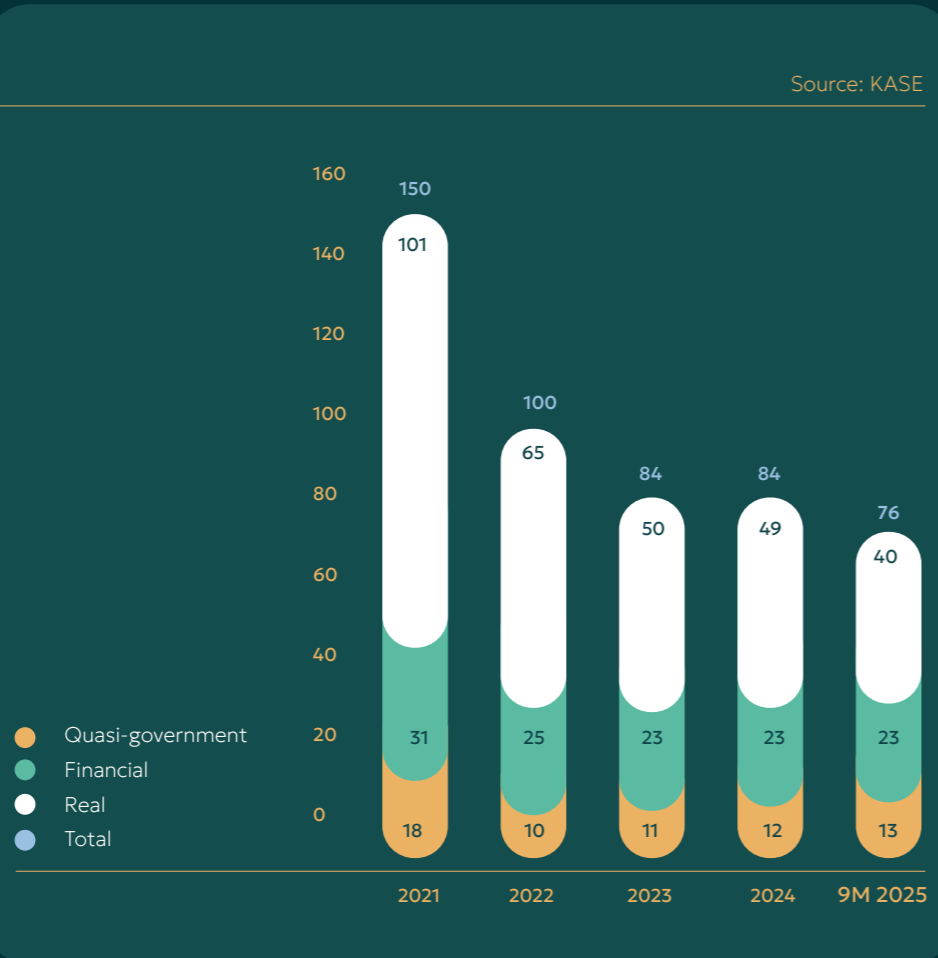
3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.2.2

Figure 22

Equity issuers by economic sectors (KASE)

The sectoral structure of KASE equity issuers is clearly skewed toward the Real Sector, which consistently represents the largest group of listed companies throughout the period, despite a visible decline in absolute numbers after 2021¹⁷. The Financial Sector forms the second-largest segment, but its issuer base contracts between 2021 and 2023 and then stabilizes, with no subsequent growth through 2025. The Quasi-Government sector remains the smallest segment in absolute terms but is the only one showing a gradual, uninterrupted increase in the number of issuers. Overall, changes in sectoral composition are driven primarily by contraction in the Real Sector and incremental additions among quasi-government entities.



Sharp decrease in number of listed Equity Issuers on KASE in 2022 was triggered by tax amendments. According to Governmental Resolution No. 911 dated 17 November 2022 “On Establishing Criteria for Securities Trading on the Exchange,” tax benefits on dividends can be applied, if secondary liquidity criteria are met for trading on the AIX and/or KASE:

- the trading volume must be at least 25 million tenge per calendar month;
- the number of trades must be at least 50 per calendar month.

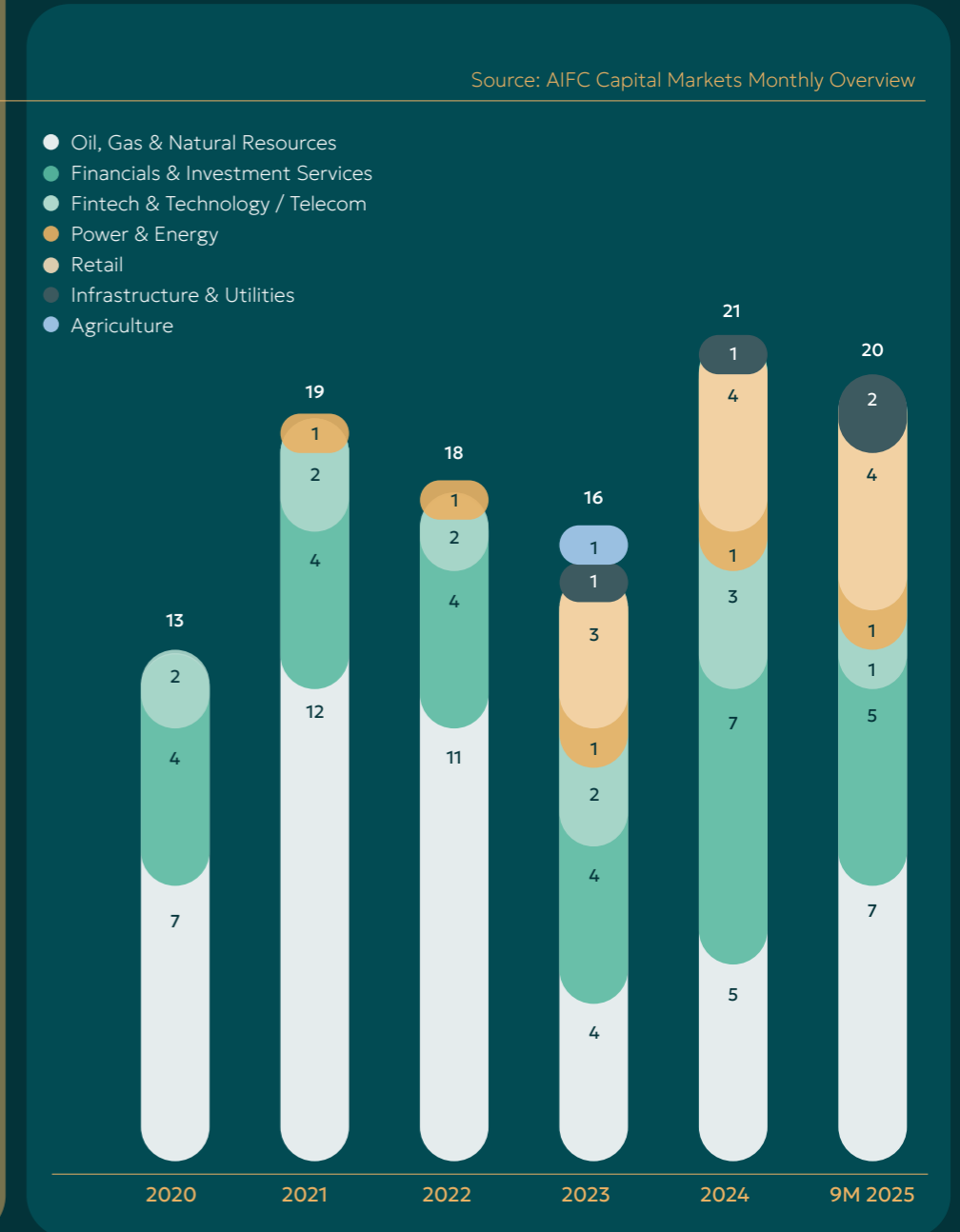
While the market remains concentrated and liquidity uneven, recent experience demonstrates that Kazakhstan has developed the **institutional capacity to execute large-scale public offerings** and to attract meaningful investor demand. The continued rollout of privatization initiatives and potential secondary offerings of existing issuers are expected to further increase free float, market depth, and investor engagement. As a result, the equity market is transitioning from a historically peripheral role toward a **more active and increasingly relevant component** of Kazakhstan’s financial system.

¹⁷ Newsletter, 2025 by KASE

Figure 23

Equity issuers by economic sectors (AIX)

The total number of listed equity issuers has grown gradually from 2020 through 2024, with incremental additions across most sectors rather than concentration in any single segment. The sectoral structure of AIX equity issuers is anchored by Oil, Gas & Natural Resources, which consistently represents the largest group of listed companies throughout the period. Financials & Investment Services forms the second-largest segment, maintaining a broadly stable presence across years. The remaining sectors — Fintech & Technology/Telecom, Power & Energy, Retail, and Infrastructure & Utilities — each contribute a smaller share but collectively account for a meaningful portion of the issuer base.



3.3

DEBT: CORPORATE AND SOVEREIGN

Kazakhstan’s debt market is the backbone of its capital market system. It is where the tenge yield curve is formed, where most middle-term funding is raised. Importantly, the market has developed through two complementary venues rather than a single dominant platform.

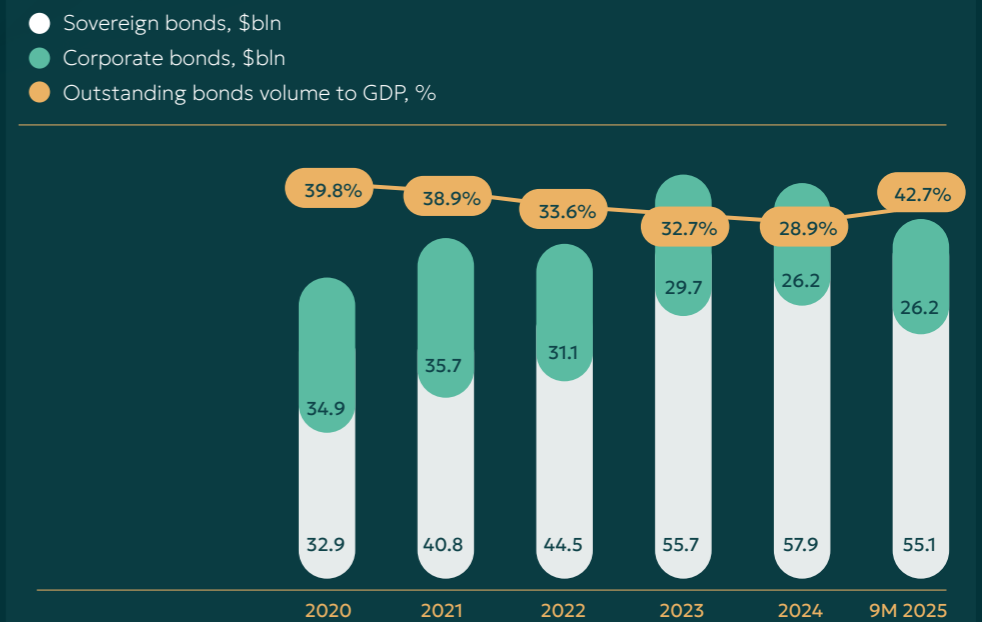
KASE remains the primary hub for the onshore tenge bond market and the main source of domestic price signals and liquidity. AIX, operating within the AIFC, expands the market’s toolkit by enabling issuance and distribution in formats that are closer to international practice, including multi-currency structures and newer product types. Viewed together, this is best described as one ecosystem with two routes to market: one optimized for domestic tenge depth and benchmarking, and another designed to broaden access, formats, and investor reach.

Figure 24

Bonds outstanding, corporate and sovereign

In scale terms, a recent market update places total bonds outstanding at about **USD 81 bln** and around **43% of GDP** as at September-end 2025, with a market structure that is relatively balanced between government and corporate segments by regional emerging-market standards.

Source: Ministry of Finance of the Republic of Kazakhstan, KASE, Bureau of National Statistics, AIFC analysis



3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.31

Market size and depth

3.31.1

Issuance and primary-market funding

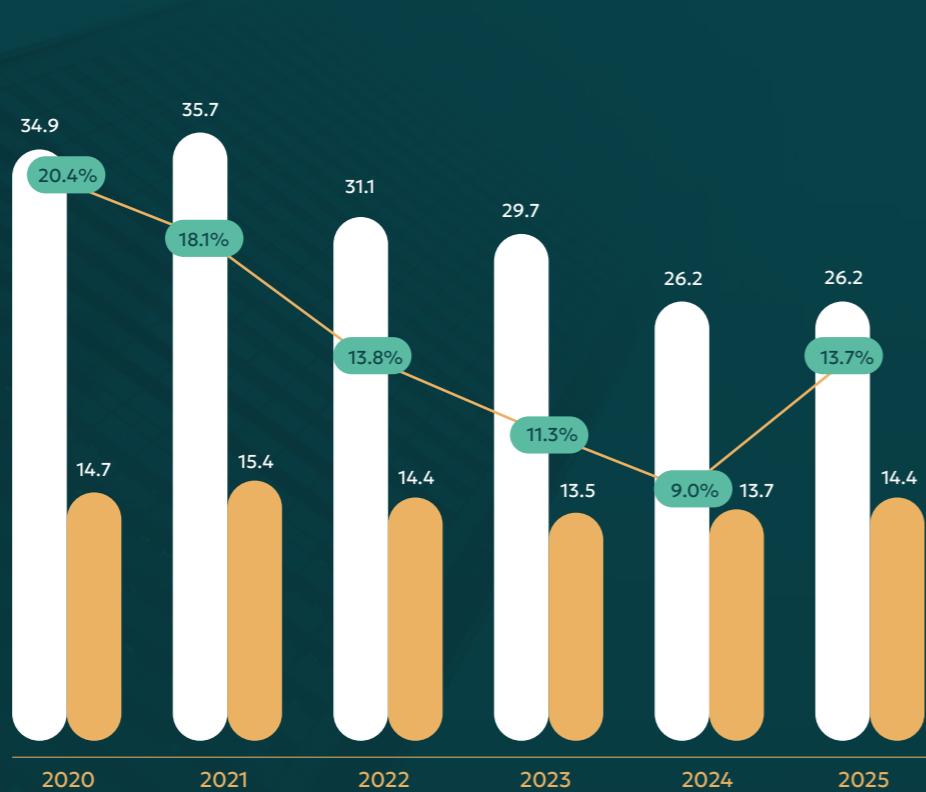
3.31.2

Figure 25

Corporate bonds market

Source: KASE, Bureau of National Statistics, AIFC analysis

● Corporate bonds, \$bln ● Corporate bonds, trln KZT ● Corporate bonds to GDP, %



In 2024, the outstanding volume of corporate debt in circulation reached USD 26.2 bln, down 11.9% year-on-year*. However, market depth relative to the economy continued to decline: the corporate debt to GDP ratio fell to 9.0% by end-2024 (down from 20.4% in 2020), largely reflecting GDP growth outpacing the expansion of outstanding corporate debt. **This divergence is an important signal: the market is growing in nominal terms, but it is not yet scaling fast enough to materially increase the role of market-based corporate funding in the economy.**

*Note: In tenge terms, the outstanding corporate bonds market demonstrated an increase of 1.5% year-on-year, from 13.5 KZT trln in 2023 to 13.7 KZT trln in 2024.

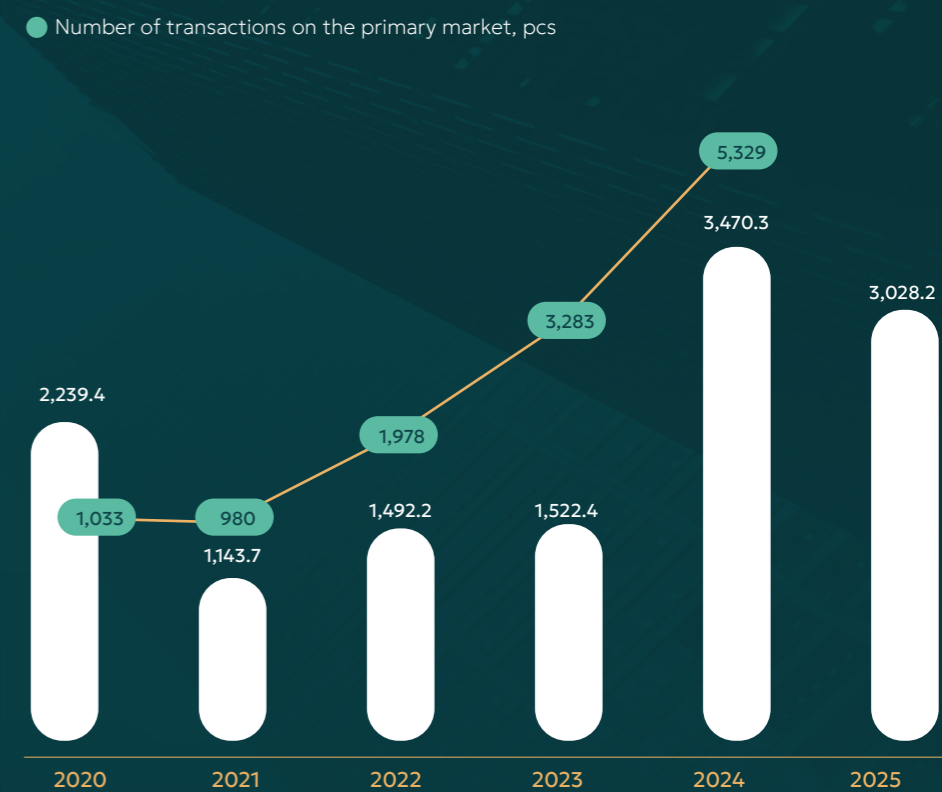
Updated figures for 2025 confirm continued signs of recovery in outstanding volumes compared to previous years. By end-September 2025, the volume of outstanding corporate bonds was USD 26.2 bln, showing neither growth nor fall as compared to beginning of the year. In tenge terms, however, there was an increase of 5.1% (from 13.7 trln KZT at end-2024 to 14.4 trln KZT at end-September 2025).

Figure 26

Trading volumes of primary corporate bond placements, bln KZT

Source: KASE

● Trading volume on the primary market, bn KZT ● Number of transactions on the primary market, pcs



Primary issuance became more active in 2024, supported by a moderating inflation and rate environment during the year. On KASE, 123 corporate bond issues from 59 issuers were placed on the primary market for a total of KZT 3.5 trln, which was 2.3 times higher than the 2023 figure. This points to a stronger use of bonds as a funding channel, especially among repeat issuers and financial-sector names. Among the issuers of corporate bonds, three groups dominate – quasi-government entities, microfinance organizations (MFOs), and banks.



A structural nuance is that “more issuance” does not automatically translate into “more depth.” The market still tends to be fragmented across many lines and programmes, which can limit secondary liquidity and price discovery, even when gross issuance is high¹⁸.

¹⁸ AsianBondsOnline - ADB

Secondary-market liquidity and trading dynamics

3.31.3

Pricing and rate environment

3.31.4

Figure 27

Trading volumes on the secondary corporate bond market, bln KZT

Secondary-market turnover rose 31.9% to KZT 876.9 bln in 2024. Market “granularity” also increased: the number of corporate bond transactions more than doubled to 96,772, driven mainly by secondary trades (secondary transactions increased to 91,443). The market averaged 389 transactions per day, with an average transaction size of about KZT 44.9 mln.

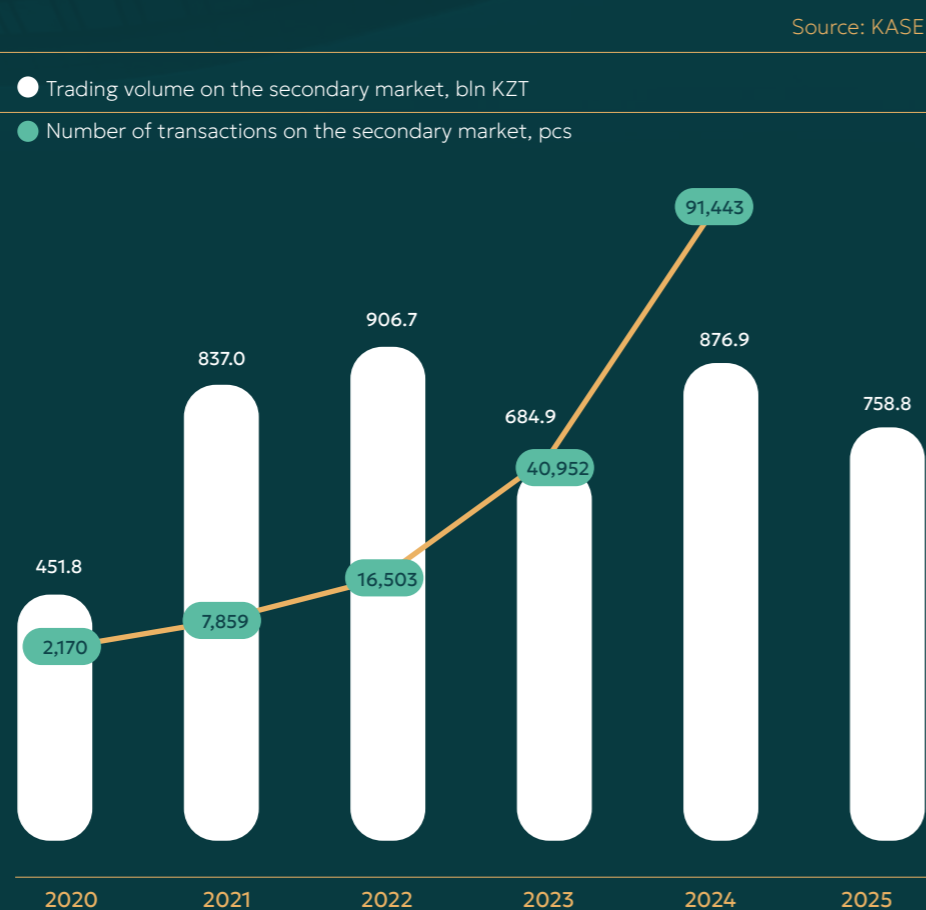


Figure 28

Source: KASE

Primary corporate bond placements in the first nine months of 2025

ISSUER GROUP	MAIN ISSUERS SHOWN	VOLUME OF PLACEMENTS, 9M 2025 (BLN KZT)	YIELD, % P.A. (IN KZT)	YIELD, % P.A. (IN USD)	MATURITY OF PLACEMENTS (YEARS)	SHARE IN TOTAL VOLUME OF PLACEMENTS, %
QUASI-PUBLIC COMPANIES	Baiterek National Management Holding, Development Bank of Kazakhstan, Otbasny Bank, Samruk-Kazyna group entities, NITEC, Agrarian Credit Corporation, Kazakhstan Development Bank / Kazakhstan Housing & related entities	1,578.40	5.98–19.05	5.65	0.5–15.0	52.1
FINANCIAL SECTOR	Bank CenterCredit, Halyk Bank, Home Credit Bank, CL Group, BI Development	181.4	13.61–20.00	4.5	0.8–15.0	6
MICROFINANCE ORGANISATIONS	“AgroBusiness KZ” CP LLP, “Lombard GoldFinMarket” LLP, “MFO Robocash.kz” LLP, Birinshi Lombard, R-Finance, Solva, TAS Group, KMF, Toyota Financial Services	76.3	16.75–23.00	10	1.0–10.0	2.5
REAL SECTOR	Orbis Leasing, Jusan Mobile, TSSP, Marden Property, “Kazakhstan Aluminium Smelter” JSC, PRC-2 and other corporate issuers*	46	20.00–22.00	6.50–10.00	1.0–3.0	1.5

The key point is not only “liquidity is up,” but how it is improving: the jump in transaction count suggests more frequent trading and broader participation, while average ticket sizes and turnover levels indicate that liquidity is still developing and can remain concentrated in a subset of names.

Corporate bond pricing in Kazakhstan is tightly linked to the National Bank policy cycle and short-term money market conditions, with credit spreads layered on top depending on issuer quality and instrument structure. In 2024, KASE’s corporate bond yield index (KASE_BMY) declined by 61 bps to 13.85%, consistent with easing inflation and a lower rate backdrop versus earlier peaks. As of September 30, 2025 yield index has reached an all-time high of 16.09%.

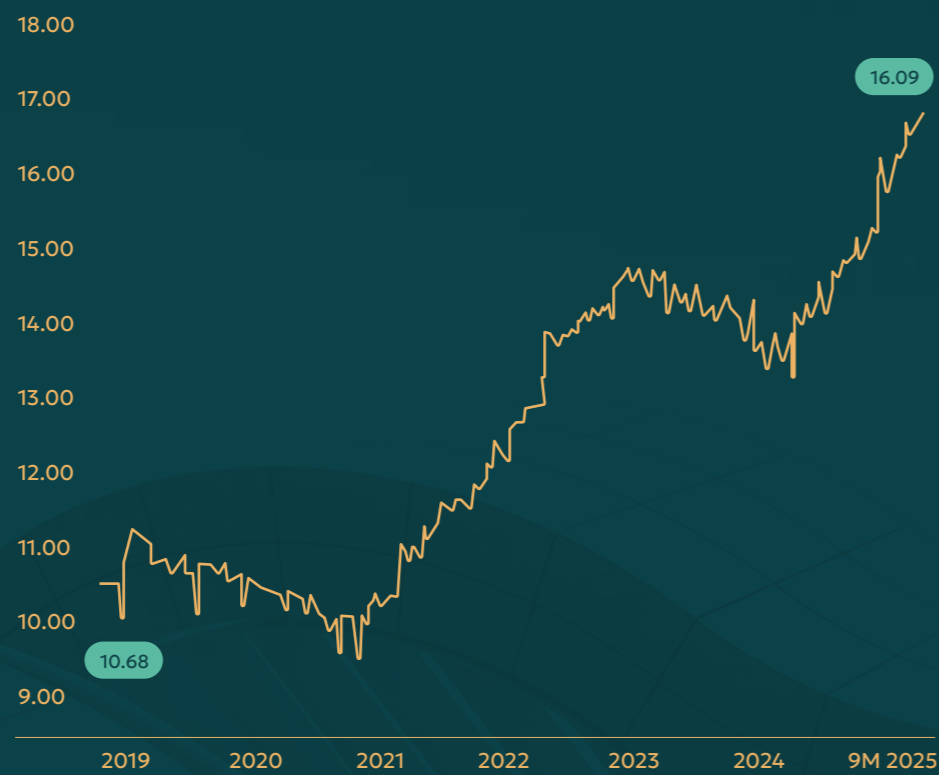
3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.31

Figure 29

Performance of the KASE_BMY since beginning of 2020, %

Source: KASE



By 9M 2025, the reported average yield to maturity in the corporate bond market (KASE_BMY) stood at 16.09%, indicating a materially tighter yield environment compared with end-2024.

In practical terms, this level of yields supports issuer interest in tapping the market when bank funding is constrained or when tenor diversification is needed, but it can also increase refinancing pressure for weaker credits and reinforce investor preference for higher-quality, shorter-duration instruments.

Investor base and demand patterns

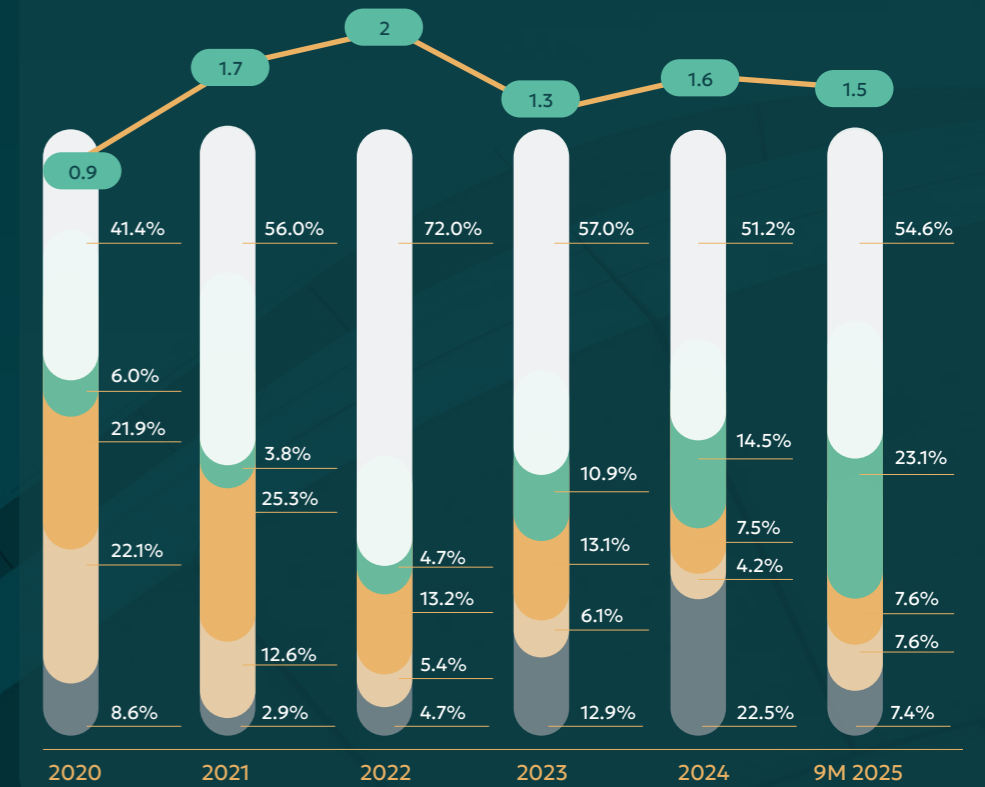
3.31.5

Figure 30

Investor breakdown of secondary corporate bonds volume of turnover, trln KZT

Source: KASE

A key demand historically has been institutional money, particularly the pension system, alongside banks and other financial companies. Recent market diagnostics show a gradual rebalancing: the pension fund's role in corporate bonds has been decreasing, while the role of banks and other financial intermediaries has increased. Notably, the participation of individuals has expanded sharply: holdings attributed to individuals rose almost 10x from KZT 86 bln (2019) to KZT 826 bln (2024)¹⁹.



This aligns with the broader retail-market story: digital onboarding, simplified access, and a larger menu of listed securities are making bonds more accessible beyond institutional portfolios, though retail activity still tends to cluster in more recognisable issuers.

¹⁹ AsianBonds - ADB

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.3.1

Bonds market on Astana International Exchange

3.3.1.6

Figure 31

Debt capital raised on AIX, bln USD

Kazakhstan’s corporate bond landscape is shaped by its dual exchange setup. KASE remains the core venue for tenge corporate bonds and domestic market liquidity. AIX complements this by offering an internationally recognizable market infrastructure and a product set that includes conventional and thematic debt instruments.

Source: AIFC Capital Markets Monthly Overview

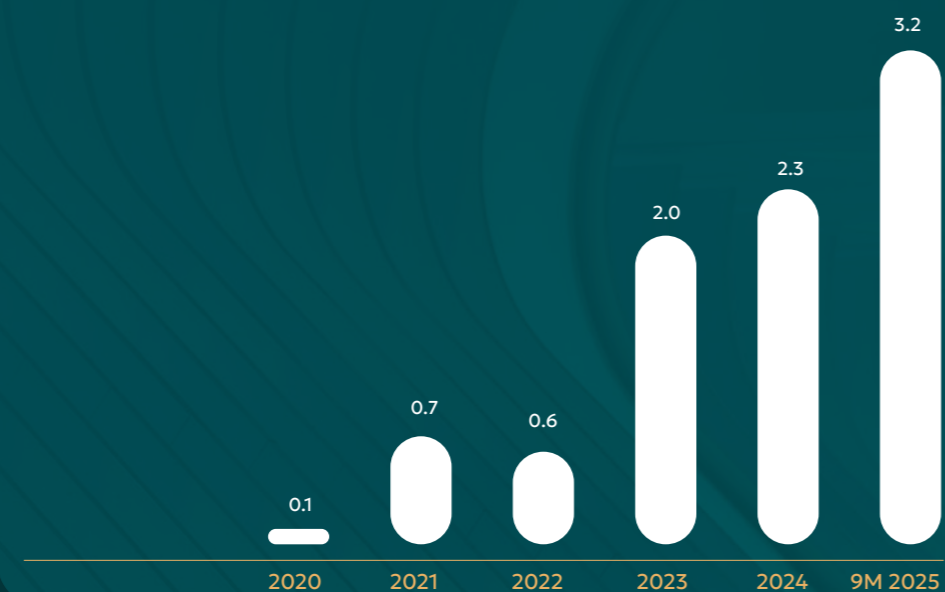
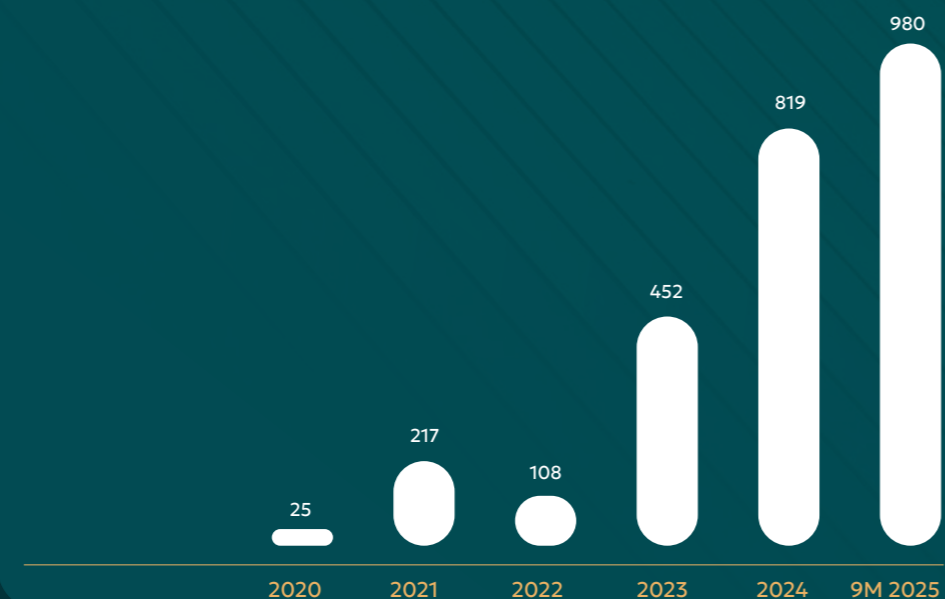


Figure 32

Debt trading turnover, mln USD

AIX recorded USD 345.6 mln in debt trading turnover in 9M 2025 and USD 980.4 mln year to date. AIX also positions its bond market as a platform for private and public bonds (including thematic formats) and reports aggregate bond listings totaling USD 7.5 bln across listed bonds²⁰.

Source: AIFC Capital Markets Monthly Overview



KASE and AIX are not substitutes; they serve different issuance profiles, investor channels, and currency or structuring needs, and together broaden the overall “funding frontier” for issuers.

²⁰ AIX

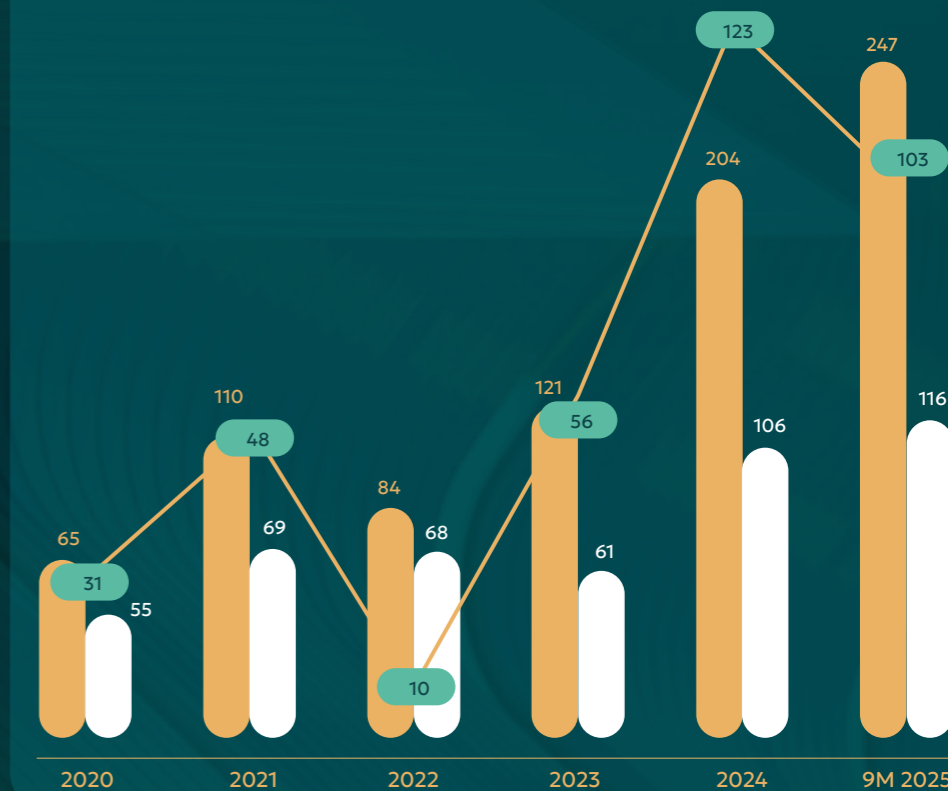
Figure 33

Debt listings and issuers on AIX

The growth trajectory on AIX’s debt segment reflects a broadening of the platform’s role beyond its early niche. From a base of 65 listings and just 5 issuers in 2020, the market expanded to 247 listings and 116 issuers by 9M2025. New issuings contracted sharply in 2022 against a backdrop of geopolitical disruption and macroeconomic uncertainty, but recovered strongly from 2023 onward as issuers — including quasi-governmental entities, financial institutions, and microfinance organisations — increasingly used AIX’s common-law framework to access capital in formats not readily available on KASE. The introduction of the Liquidity Management Programme in 2023 and the expansion of thematic instruments further supported the step-change in activity, with 2024 marking a record 123 new issuings.

Source: AIFC Capital Markets Monthly Overview

- Number of Debt Listings
- Number of Debt Issuers
- Number of New Debt Issuings



Constraints and development priorities

3.3.1.7

Several constraints remain structural rather than cyclical. Market diagnostics highlight: relatively limited capital raising by private non-financial corporates; a gap between institutional risk appetite and the credit quality of many private issuers; the distorting role of subsidised financing

channels; high costs of international credit ratings; and still-developing securitisation regulation and infrastructure¹⁴.

In a policy sense, the most impactful development levers are the ones that improve “repeatable issuance” for a wider

set of corporates (including mid-sized firms), reduce friction costs (documentation, ratings, disclosure), and improve secondary-market pricing and transparency so that investors can scale exposure without depending on hold-to-maturity behaviour.

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

GOVERNMENT DEBT MARKET

3.3.2

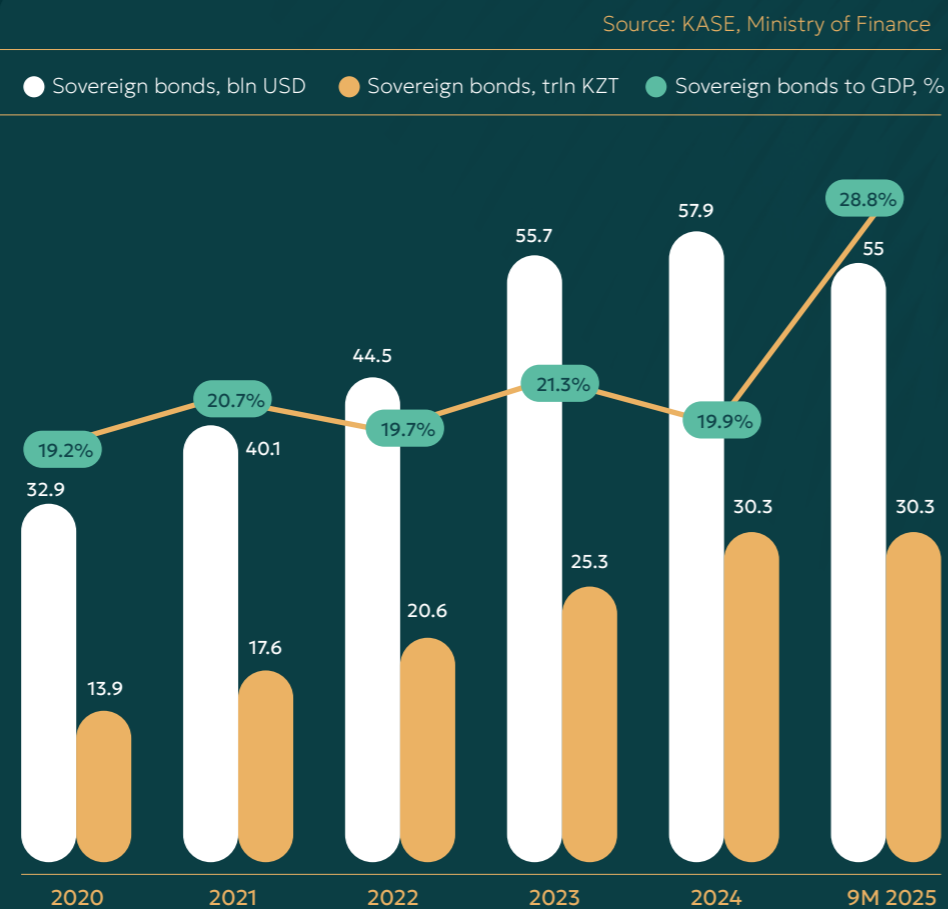
Kazakhstan's sovereign bond market is the reference point for local-currency pricing and liquidity. It provides the risk-free benchmark for corporate issuance, supports collateralized funding (repo), and channels budget financing primarily in tenge through Ministry of Finance instruments, alongside central bank notes that manage short-term liquidity conditions.

Market scale and activity

3.3.2.1

Figure 34

Government securities market, in USD and KZT terms

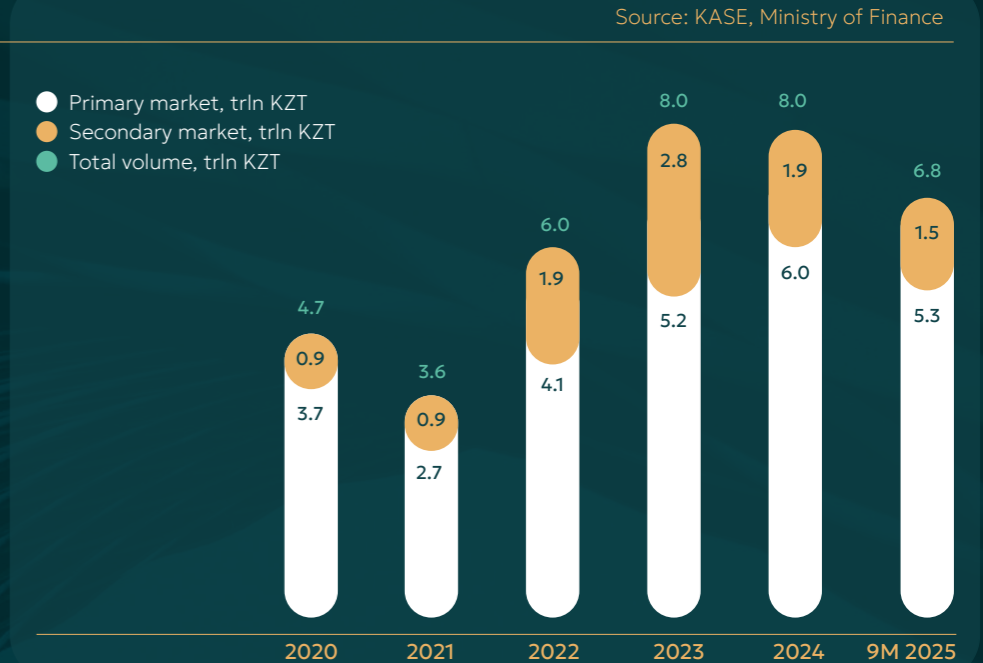


By the end of third quarter of 2025, the nominal amount of government debt instruments admitted to trading on the domestic exchange reached KZT 55.1 trln (about USD 55.1 bln).

Figure 35

Trading volume of government securities on the primary and secondary markets, trln KZT

Trading volumes in 9M 2025 were KZT 6.8 trln, broadly flat year-on-year (-0.2%). Primary-market turnover accounted for KZT 5.26 trln, while the secondary market reached KZT 1.53 trln, with secondary volumes up 5.4% year-on-year.

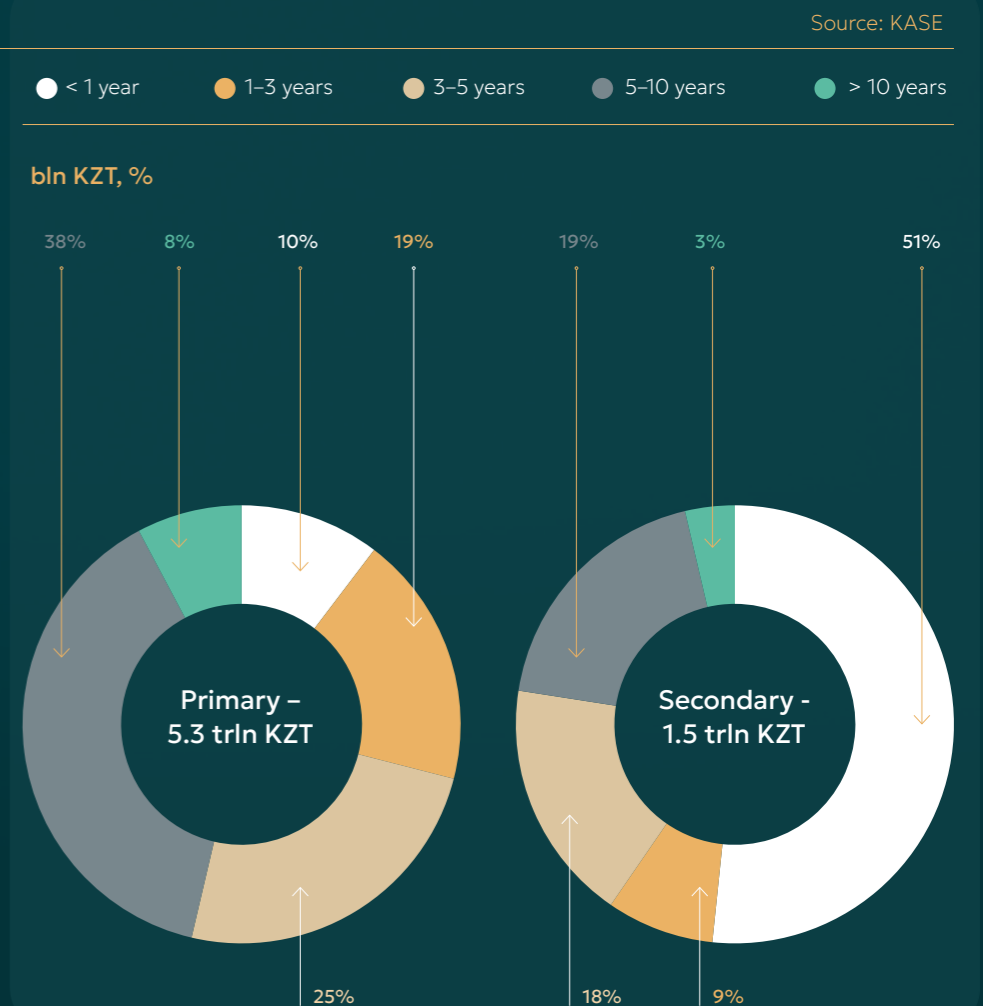


Source: KASE, Ministry of Finance

Figure 36

Breakdown of government securities trading volumes on primary and secondary market by maturity, for 9M 2025

This pattern is consistent with a buy-and-hold investor base that absorbs supply efficiently, but does not always translate into deep two-way trading across many outstanding lines.



Source: KASE

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.3.2

Investor base and foreign participation

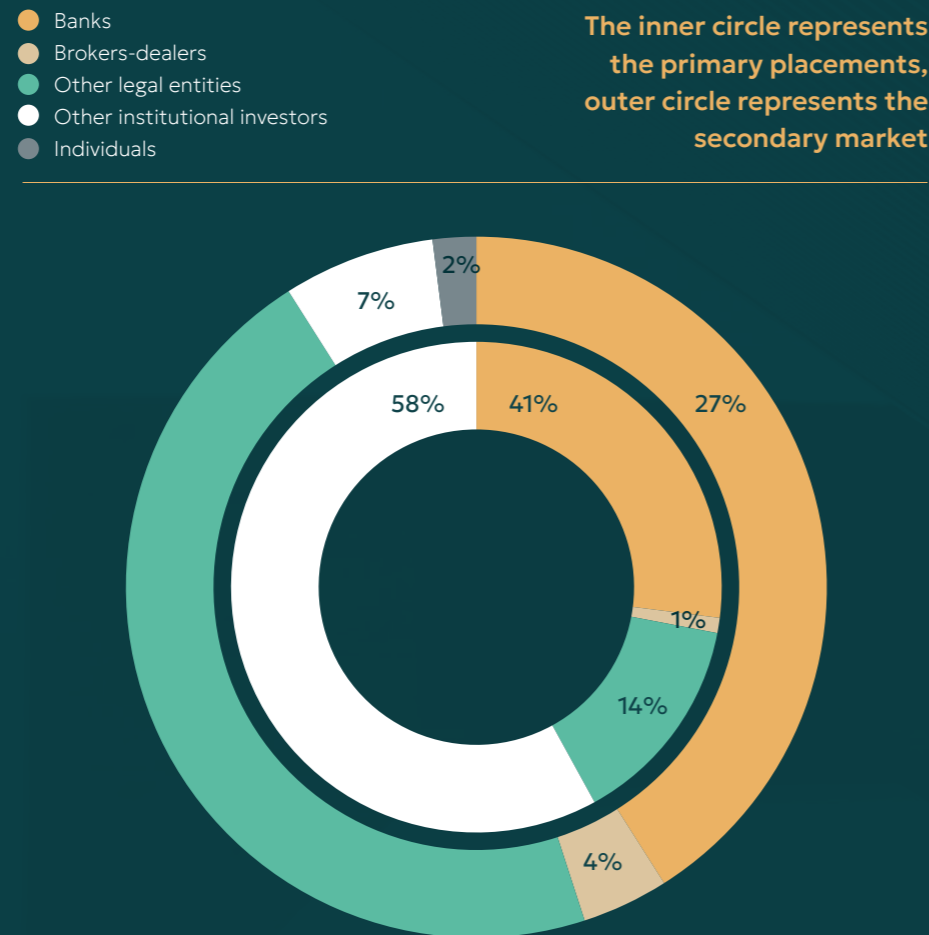
3.3.2.2

Figure 37

Breakdown of government securities trading volume by investors on the primary and secondary markets, as of September-2025

In **9M 2025**, banks represented **27.4%** of primary-market activity, while “other institutional investors” accounted for **58.4%**; retail participation was negligible (physical persons below **0.1%**). In the secondary market, banks’ share rose to **41.4%**, with “other legal entities” at **45.8%**; non-residents accounted for **23.0%** of secondary turnover.

Source: KASE



The inner circle represents the primary placements, outer circle represents the secondary market

Two implications follow

1 Domestic institutions, especially long-term savings pools, remain the stabilizing anchor of demand.

2 Foreign participation is meaningful at the margin in secondary trading, which can improve price discovery in benchmark tenors, but it is typically more sensitive to FX expectations, global risk appetite, and the ease of accessing settlement and hedging.

Domestic Market Architecture

3.3.2.3

The local currency (LCY) market remains the primary venue for funding the state budget and managing liquidity. It operates on the Kazakhstan Stock Exchange (KASE).

Ministry of Finance (Fiscal Issuance)

Instruments: MEKKAM (Discount bills <1 yr), MEOKAM (Coupon bonds 1–5 yrs), MEUKAM (Long bonds >5 yrs).

Yield Environment: The National Bank’s hike of the base rate to 18.00% in October 2025 has pushed short-term yields to the 16.0–17.0% range. While this creates a high cost of borrowing for the Ministry, it offers exceptionally high real returns for investors, keeping demand from local banks robust.

National Bank (Monetary Issuance)

NBK Notes: Short-term discount notes (7 to 364 days) used to sterilize excess tenge liquidity. These are the most liquid instruments in the country, actively traded by commercial banks for liquidity management.

External sovereign curve as a complement

3.3.2.4

Hard-currency issuance provides an external pricing reference and broadens the investor base. On **June 24, 2025**, Kazakhstan issued **USD 2.5 bln** in sovereign Eurobonds, split into a **7-year USD 1.35 bln tranche (5.0% coupon)**²¹ and a **12-year USD 1.15 bln tranche (5.5% coupon)**. This complements tenge funding by extending the sovereign

curve in USD and strengthening the spread reference used by quasi-sovereigns and banks.

Credit fundamentals remain supportive of market access. Fitch affirmed Kazakhstan at **BBB with a Stable Outlook** in July 2025²².

²¹ Ministry of Finance of the Republic of Kazakhstan

²² Fitch Ratings

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.3.2

Yields and yield curve

3.3.2.5

Where yields sat in 2025

The yield environment in 2025 reflected tight monetary conditions and elevated inflation. The National Bank held the **base rate at 16.5%** on **29 August 2025**, with a **+/- 1.0 pp corridor**²³. Official statistics reported **12.9% y/y inflation in September 2025**²⁴.

²³ National Bank of the Republic of Kazakhstan
²⁴ National Bureau of Statistics

Against this backdrop, observed yield ranges in the local sovereign market (as of early October 2025) were wide:

Central bank notes:
primary 13.00%–16.70%,
secondary 13.74%–16.50%

MoF coupon bonds (MEKAM):
primary 11.98%–17.15%,
secondary 11.50%–17.94%

The dispersion partly reflects tenor differences, differences in liquidity across lines, and shifts in expectations over the policy path.

For Kazakhstan, these may signal the following three things

1 High short-end anchoring by the policy rate, which keeps short maturities elevated.

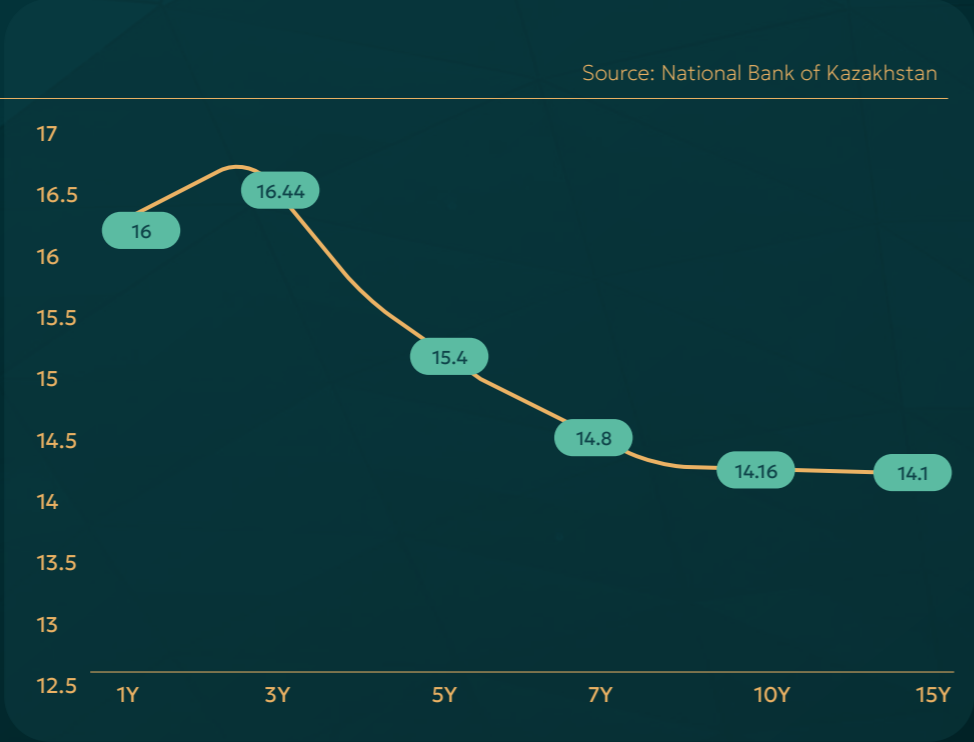
2 Limited term premium when investors expect eventual easing, or when long-duration demand is supported by structural holders (for example, pension and insurance balance sheets).

3 Liquidity and benchmark effects, where the most actively traded maturities can price differently from less liquid off-the-run lines, widening the observed yield band.

Curve shape and what it signals

Figure 38
Yield curve of government bond auctions

Auction yields are broadly in the **14.1%–16.87%** range, and around **50% of 2025 issuance** concentrated in maturities **under 5 years**, consistent with investor preference for shorter duration under policy-rate uncertainty.



Why the curve matters for the broader capital market

Fiscal strategy:
in a high-rate environment, the marginal cost of extending duration rises, which can tilt issuance toward shorter tenors unless refinancing risk becomes binding.

Corporate pricing:
the sovereign curve directly sets the floor for corporate spreads; a flatter curve can compress the incentive for issuers to extend maturities unless investors are compensated via wider credit spreads.

Investor behavior:
a high front-end supports carry strategies, but duration extension becomes more sensitive to inflation surprises and policy communication, which can amplify curve volatility around macro data and central bank meetings.

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

3.3.2

GREEN AND ESG DEBT MARKET

3.3.3

Structural Developments & Reforms

3.3.2.6

New Debt Management Council:

In late 2025, the government launched the **Government Debt Management Council**²⁵. This inter-agency body (Ministry of Finance, National Bank, Ministry of National Economy) allows for better coordination of issuance calendars, ensuring that fiscal borrowing does not crowd out private credit or conflict with monetary tightening.

International Settlement:

The market continues to leverage **Clearstream** financing links (via Citibank Kazakhstan). This allows offshore investors to settle local government bonds (MEUKAM) without full domestic brokerage setups, a key factor in maintaining non-resident participation at ~10% despite global volatility.

Outlook for 2026

Rating Trajectory:

S&P's "Positive" outlook suggests a potential upgrade to **BBB** in the next 12 months, contingent on fiscal discipline²⁶.

What is driving the market

3.3.3.1

Kazakhstan's green and broader ESG bond market is developing as part of a policy shift toward lower-carbon growth and stronger sustainability disclosure. A key anchor is the country's commitment to reach carbon neutrality by 2060 and the subsequent approval of a national strategy to achieve this target.

While the sovereign sector anchors the broader capital market, the **Green and Environmental, Social,**

and Governance (ESG) segment is emerging niche in Kazakhstan's financial landscape. As of Sep-2025, the total volume of outstanding ESG debt has surpassed **1.2 trln KZT**, driven primarily by quasi-sovereign entities and international financial institutions (IFIs) rather than the central government itself²⁷.

The market operates under a robust regulatory infrastructure, utilizing the **Green Taxonomy of Kazakhstan** (adopted in

2021) which aligns closely with EU standards (CBI and ICMA principles), ensuring that "greenwashing" risks are minimized for international investors.

The policy direction has been reinforced by a "green projects" taxonomy, which helps define what can be labeled as green and supports more consistent use-of-proceeds reporting across issuers²⁸.

A practical feature of the Kazakhstani approach is the use of incentives to create issuance pipelines. The Astana International Financial Centre (AIFC) notes the existence of support measures such as subsidies for green-project financing and coupon support and guarantees for green bonds, aimed at improving issuer economics and expanding supply.

²⁵ Kazakhstan Launches State Debt Management Council

²⁶ National Bank of Kazakhstan - S&P Global Ratings international rating agency revised its outlook for Kazakhstan to positive

²⁷ KASE - Performance overview in 9M 2025

²⁸ Climate Laws

Regulation and market infrastructure: moving toward clearer standards

3.3.3.2

Kazakhstan’s sustainable debt rulebook is converging toward international norms. In the AIFC framework, “ESG Debentures” cover not only green bonds but also social, sustainability, sustainability-linked, transition, SDG and blue instruments, with explicit encouragement to align with widely used standards (ICMA

principles and guidance, Climate Bonds Standard, and recognized taxonomies including Kazakhstan’s Green Taxonomy and others)²⁹. This is important for investor confidence because it reduces “label risk” and makes local issuance more comparable with international sustainable bond markets.

²⁹ AIFC

To support market transparency and benchmarking, the domestic exchange introduced dedicated ESG bond indices and yield indicators starting in October 2024³⁰. Even if index-based investing is still early-stage locally, these tools matter because they make performance measurable and help institutional investors formalize mandates.

³⁰ KASE

Issuance growth: scaling up from a low base

3.3.3.3

Market growth has been rapid in headline terms, although still from a relatively small base versus the overall bond market. According to the Kazakhstan Bond Market Guide materials prepared for the Asian Bond Markets Forum, the volume of issued ESG bonds increased 2.2 times in 2024 to USD 1.6 bln, while the number of ESG bond issues rose 1.4 times to 31 issues³¹.

For context, globally the sustainable debt market has become large and standardized, with green instruments forming the biggest component, which increases the value of alignment with global principles and credible reporting for attracting cross-border demand³².

³¹ AsianBonds - ADB

³² Climate bonds

Market quality: credibility, reporting, and investor demand

The next phase of development is less about “more labels” and more about market quality:



External review capacity and reporting discipline. Investors typically expect clear use-of-proceeds frameworks, project eligibility tied to a taxonomy, and post-issuance reporting. Kazakhstan’s framework explicitly points issuers toward recognized standards and taxonomies, which helps, but the market’s credibility will increasingly depend on consistent allocation and impact reporting at issuer level.

Pipeline of eligible projects. Taxonomy coverage and policy incentives support supply, but scaling requires a steady pool of bankable projects that can be financed through capital markets rather than only via subsidized bank channels.

Liquidity and benchmark formation. As ESG issuance grows, demand from long-term domestic institutions can support placement, but secondary liquidity typically concentrates in a limited set of “benchmark” lines. The introduction of ESG bond indices is a step toward better benchmarking and, over time, can support more systematic allocation by institutional investors.

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

MONEY MARKET

3.4

The money market in Kazakhstan serves as the **core platform for short-term liquidity management** within the financial system. It enables banks and other financial institutions to borrow and lend funds over very short maturities, primarily through **repo transactions and currency swaps**, and plays a central role in the **implementation**

of monetary policy. Trading on the money market involves instruments secured by government and central bank securities. While money market turnover is large in nominal terms, this segment supports **liquidity and financial stability rather than long-term capital formation**, distinguishing it from the securities market.

Repo transactions constitute the core of money market activity³³. In 2024, total repo turnover reached approximately USD 557.2 bln (KZT 261.6 trln), accounting for the majority of money market trading, with an average daily volume of approximately USD 2.24 bln (KZT 1.05 trln). The market is predominantly secured: 74.1% of repo operations were conducted through automatic repo transactions backed by government securities, while a further 25.7% were backed by central bank securities. This collateral structure underscores the low-risk, liquidity-management nature of money market operations and their close linkage to sovereign and central-bank instruments.

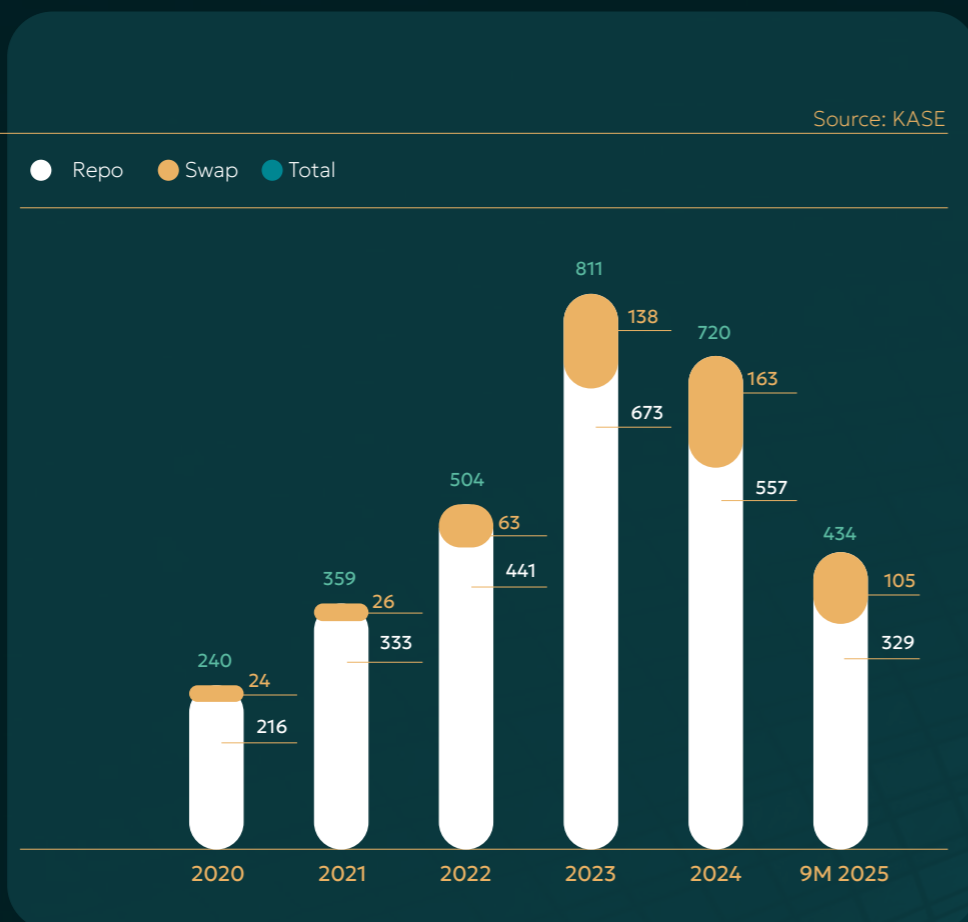
In the first nine months of 2025, money market turnover amounted to approximately USD 434.0 bln (KZT 232.6 trln), a further year-on-year decline³⁴. During this period, the National Bank of the Republic of Kazakhstan maintained a tight monetary policy stance, keeping the base rate at 16.50%, which was reflected in higher short-term funding costs. Repo turnover in 9M 2025 declined to approximately USD 329.3 bln (KZT 176.5 trln), while currency swap trading reached approximately USD 104.7 bln (KZT 56.1 trln), modestly compared to the same period of the previous year³⁴.

Alongside repos, currency swap transactions represent an important component of short-term funding. In 2024, swap trading volume increased to approximately USD 163.1 bln (KZT 76.5 trln), indicating a growing use of swaps for managing foreign-currency liquidity. The expansion of swap activity contrasted with the decline in repo turnover, highlighting shifts in the composition of money market instruments rather than a reduction in overall market functionality.

Overall, developments in 2024–2025 confirm that fluctuations in money market turnover primarily reflect changes in liquidity demand and monetary policy conditions, rather than shifts in investor risk appetite or capital-market depth. Despite periodic declines in trading volumes, the money market continues to function as the primary channel for short-term funding and monetary transmission in Kazakhstan, clearly distinct from the securities market, which serves long-term capital-formation objectives.

Figure 39

Repo and Currency Swap Turnover on KASE, bln USD



The money market remains the **largest segment of trading on KASE**. In 2024, total trading turnover on the money market amounted to approximately USD 720.3 bln (KZT 338.1 trln), representing a year-on-year decline. According to KASE, this reduction reflected a **lower demand for short-term liquidity** during most of the year, as inflationary pressures eased and monetary conditions softened.

³³ KASE annual report, 2024

³⁴ KASE announces exchange market results for Q3 and nine months of 2025

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

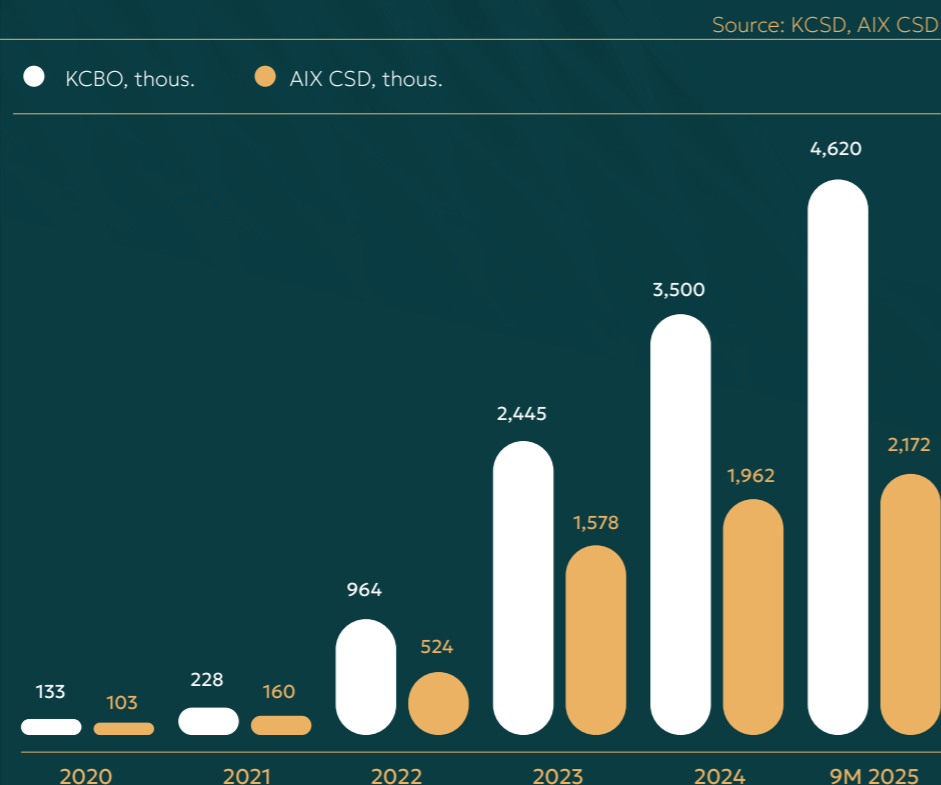
RETAIL INVESTORS

3.5

Figure 40

Number of brokerage accounts in KCSD and AIX CSD

The money market remains the **largest segment of trading on KASE**. In 2024, total trading turnover on the money market amounted to approximately USD 720.3 bln (KZT 338.1 trln), representing a year-on-year decline. According to KASE, this reduction reflected a **lower demand for short-term liquidity** during most of the year, as inflationary pressures eased and monetary conditions softened.



Retail participation has moved from a niche segment to a meaningful pillar of Kazakhstan’s capital-market activity, largely due to simpler digital access and a growing set of on-exchange opportunities. By end-September 2025, retail-facing brokerage accounts reached 4.62 mln in KCSD and 2.17 mln in AIX CSD (these figures are not additive and represent accounts rather than unique individuals).

The market’s participation model is increasingly platform-led: omnibus structures account for over 80% of all accounts, reflecting mobile-first onboarding and low minimum investment thresholds, while segregated sub-accounts (about 695,311) are more typical for experienced, active investors.

Retail investors now materially influence on-exchange liquidity, especially in equities. In 2024, individuals generated 62.1% of gross turnover on the secondary equity market, moderating to 55.2% in 9M 2025, while the number of executed stock-market trades rose from ~3.6 mln in 2024 to ~4.5 mln in 9M 2025. This shift matters structurally: pricing and liquidity in key listed names are increasingly shaped by domestic sentiment and household flows rather than foreign activity.

The investor base is broad, but asset ownership remains concentrated. KCSD sub-account data show an almost balanced gender split by account count (men around 54% and women about 44% in 1H 2025), yet holdings are more skewed, with men holding roughly about two thirds of the value of securities in 1H 2025.

Age patterns show the same imbalance: younger cohorts account for a large share of accounts (for example, 18–24: 15.6% and 25–34: 32.2% of sub-accounts in 1H 2025), but most portfolio value sits with older investors, with 35–54 and 55+ holding over 70% of total security holdings in 1H 2025.

In fixed income, retail is growing but remains more selective and less dominant than in equities. Individuals accounted for 23.1% of secondary corporate bond market activity in 9M 2025, while representing only 2.4% of demand in primary corporate bond placements over the same period. Where retail does concentrate is in higher-yield instruments, particularly microfinance-issuer bonds; the report notes 84.2% growth in MFO bond trading volume in 2024, with individuals accounting for 46.8% of secondary-market volume in that segment.



See AIFC’s report on Retail Investing for more insights.

REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN, AND AZERBAIJAN

4

Uzbekistan, Kyrgyzstan, and Azerbaijan are each building capital market foundations under distinct conditions — Uzbekistan through a state-coordinated privatisation agenda with debt leading the way, Kyrgyzstan through infrastructure modernisation and a sharp acceleration in exchange activity, and Azerbaijan through its first-ever IPO wave and a structured 2024–2026 strategic programme at the Baku Stock Exchange. All three markets remain small relative to their economies, with limited free float, shallow secondary liquidity, and investor bases dominated by banks and retail rather than institutional capital.

KEY FIGURES



USD 22 bln

Uzbekistan total equity market cap

Uzbekistan's sovereign Eurobond placement in 2025

USD 1.5 bln

Capital raised in Azerbaijan's October 2025 IPO wave, expanding total market cap to USD 18.4 bln

USD 340 mln

2024

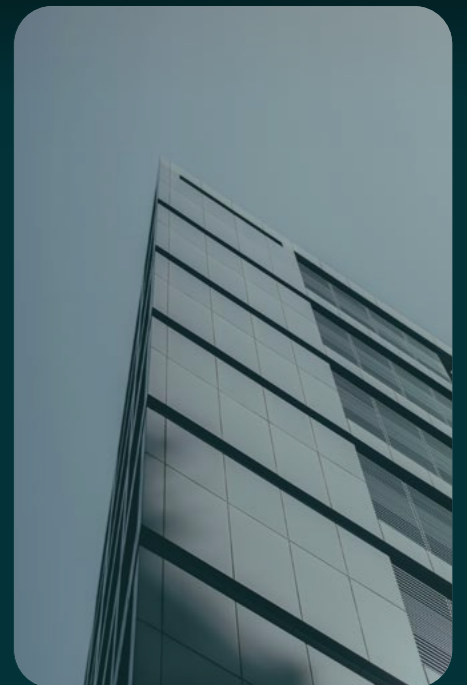
Year of Azerbaijan's first-ever IPO, followed by 7 more IPOs in October 2025

USD 573.9 mln

KSE (Kyrgyzstan) trading volumes by June 2025 — already exceeding the full-year 2023 total

Increase in foreign institutional investor exposure to Azerbaijani securities in 2025

78%



UZBEKISTAN



GDP	115 (USD Billion)
FDI	2.8 (USD Billion)
MARKET CAP	18.8 (USD Billion)

INTERESTING FACT
Total equity market capitalization stands at approximately USD 22 bln

USD 22 bln ↑

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

HISTORICAL AND MACROECONOMIC CONTEXT

4.1.1

Uzbekistan’s capital market is undergoing a gradual but increasingly visible transformation, driven primarily by a state-led privatization agenda, expanding public financing needs, and a strategic objective to integrate more deeply with global financial markets. While capital markets remain small relative to the size of the economy, reform momentum has accelerated, and several long-standing policy initiatives are beginning to translate into measurable market activity.

Figure 40

Source: World Bank Group

From a macroeconomic perspective, Uzbekistan has maintained steady economic growth and a moderate public debt profile. Nominal GDP has continued to expand, providing a growing economic base that could, over time, support deeper domestic capital markets. However, the depth of capital markets remains limited relative to economic size. Market capitalization of listed domestic companies as a percentage of GDP remains low by international standards, reflecting both the early stage of market development and the limited free float of listed companies.

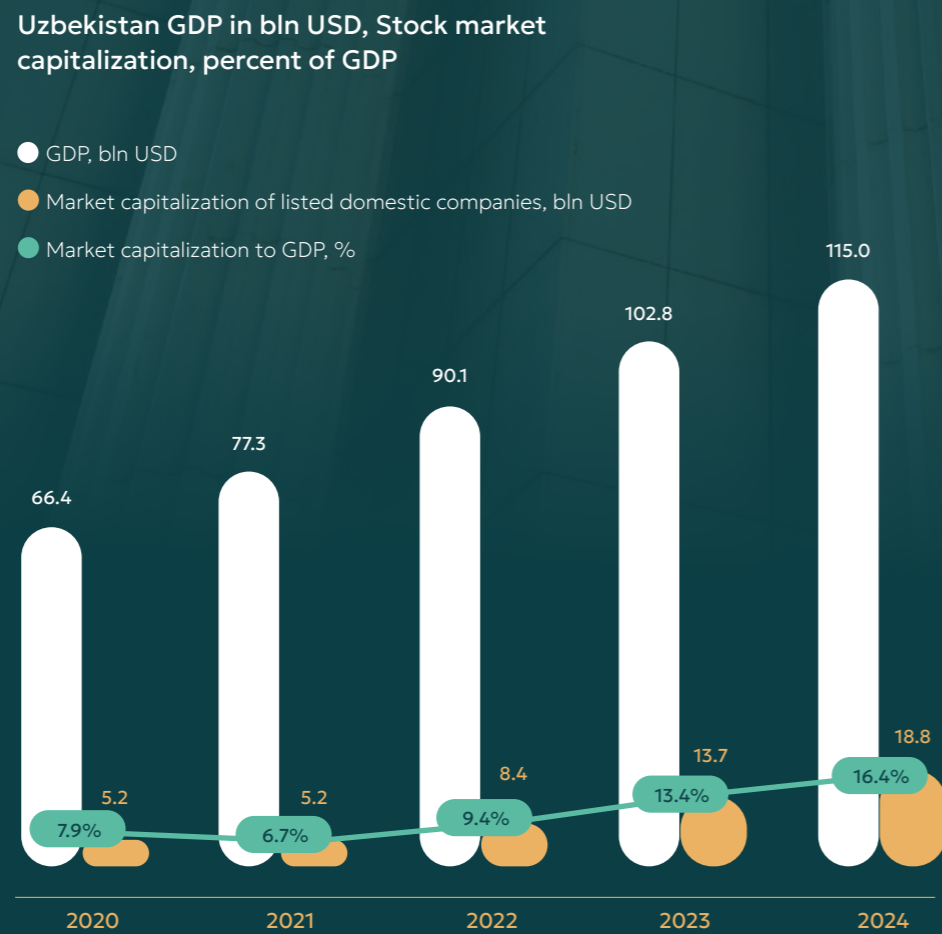
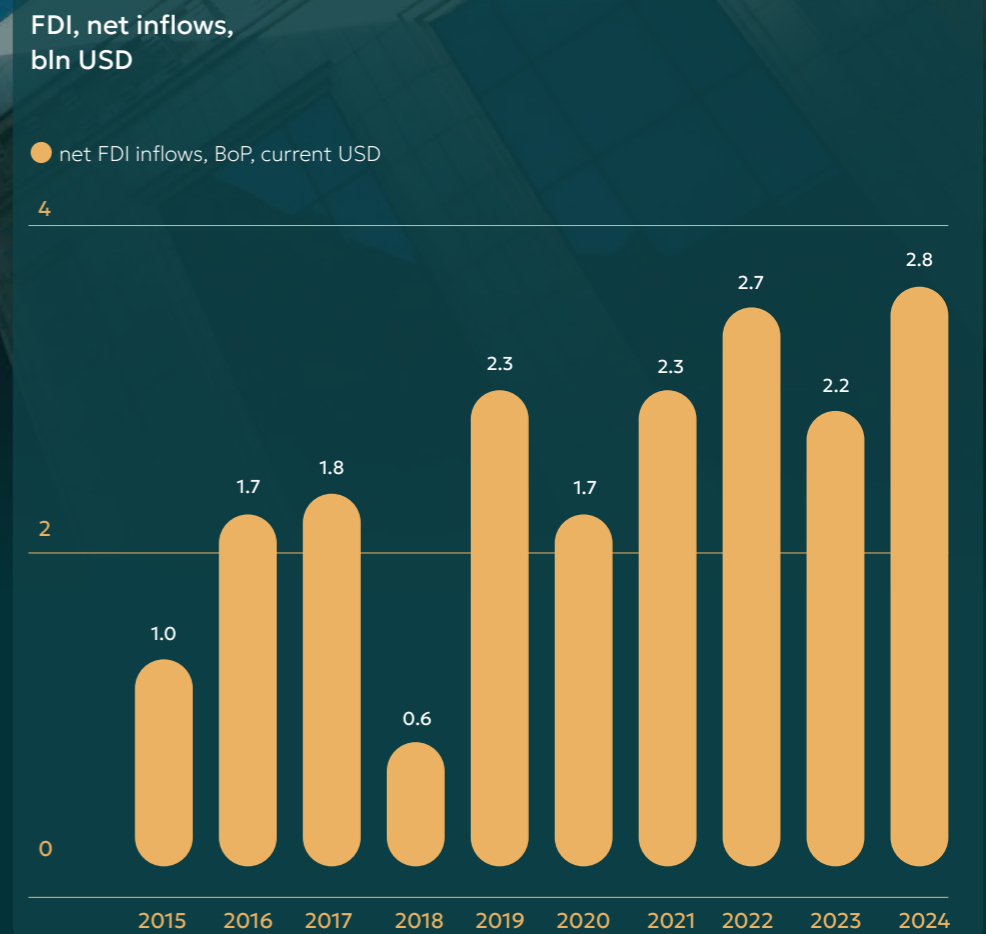


Figure 41

Source: World Bank

Recent investment and economic reforms have materially improved Uzbekistan’s business environment and increased foreign investor interest. Since the launch of liberalization measures in 2017, including privatization of selected state-owned enterprises, foreign direct investment (FDI) inflows have grown despite external shocks such as the COVID-19 pandemic and regional geopolitical disruptions. National development frameworks, including the Development Strategy 2022–2026 and the “Uzbekistan–2030” strategy, explicitly position FDI as a key driver of growth, job creation, and sectoral diversification.



4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN
AND AZERBAIJAN

4.1.1



At the same time, the overall stock of foreign investment remains low relative to peer economies, indicating that Uzbekistan is still in an early phase of capital deepening. FDI is concentrated in greenfield projects and capital-intensive sectors, primarily manufacturing, energy, and extractive industries, which reflect the country's resource base. Chinese and Russian investors account for a significant share of inflows³⁵.

From a capital-markets perspective, this FDI profile helps explain why investment growth has not yet translated into deeper domestic markets. Investment activity remains state-led and project-based. While capital formation is high, with gross fixed capital formation reached 32.2% of GDP in 2023, most investment is state-led and focused on physical assets, rather than being raised through equity markets³⁵.

Institutionally, regulatory oversight of capital markets has been consolidated under the National Agency for Prospective Projects (NAPP), marking an important step toward clearer governance and supervision. A regulatory sandbox has been introduced, and post-trade reforms are under consideration, including plans for the eventual establishment of a central clearing counterparty³⁶. While these reforms are still at an early stage, they signal an intention to align Uzbekistan's market infrastructure more closely with international standards.

Digital investment infrastructure has improved notably in recent years. Leading banks and brokerage firms now provide remote onboarding, real-time market access, and mobile trading functionality, and the majority of new retail investors enter the market through digital channels rather than traditional offline intermediaries³⁷.

Retail participation has increased in absolute terms, supported by these technological improvements. However, recent market dynamics indicate that retail activity is concentrated predominantly in fixed-income instruments rather than equities. This pattern reflects a combination of limited equity free float, weak secondary market liquidity, and investor preference for lower-volatility instruments with predictable cash flows.

As a result, while digitalization has broadened access to capital markets, it has not yet translated into sustained depth or liquidity in the equity segment. Technology has reduced entry barriers, but structural constraints continue to shape how retail investors allocate capital.

³⁵ Roadmap for Sustainable Investment Policy Reforms in Uzbekistan – OECD, 2025

³⁶ Subject matter expert, AIFC analysis

³⁷ Retail Investors Drive Growth in Uzbekistan's Debt Market Amid Stock Market Decline - Kursiv Uzbekistan, 2025

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN
AND AZERBAIJANCAPITAL MARKET STRUCTURE
AND INFRASTRUCTURE

4.1.2

Uzbekistan's capital market operates within a centralized but still evolving institutional and infrastructural framework. Market activity is organised across two primary platforms: the **Tashkent Stock Exchange (TSE)**, which hosts equity and corporate bond trading, and the **Uzbek Republican Currency Exchange (URCE)**, where government securities are issued and traded. This functional separation has allowed both markets to develop in parallel but has also resulted in a fragmented domestic market architecture, particularly for debt instruments.

Regulatory oversight of the capital market has been consolidated under the National Agency for Prospective Projects (NAPP), which now serves as the principal authority responsible for securities regulation, licensing, and market development. This consolidation marked an important step toward regulatory clarity and consistency, replacing earlier fragmented supervisory arrangements³⁸. In parallel, authorities have introduced a regulatory sandbox framework to test new financial products and market solutions, signaling a willingness to experiment within a controlled environment as part of broader market reforms.

From a post-trade perspective, Uzbekistan's capital market infrastructure remains at an intermediate stage of development. Trading, clearing, and settlement for corporate securities are currently conducted through a single, tightly integrated technological platform. While this unified architecture has ensured operational stability, its monolithic design limits system flexibility, slows the introduction of new functional modules, and complicates the deployment of modern interfaces, including advanced APIs. Government securities are processed through a separate technological system at the URCE, resulting in two distinct infrastructures for corporate and sovereign instruments³⁹.

Plans to modernize the post-trade environment include the long-term objective of establishing a central counterparty clearing house (CCP). While this initiative is still at a preparatory stage, its inclusion in reform plans reflects recognition of the importance of risk management, netting, and settlement efficiency for market deepening and institutional participation³⁹.

Investor access to the market has improved notably through digitalization. More than 50 licensed brokerage firms operate domestically, though many primarily provide custodial and administrative services rather than active trading. In practice, market access is increasingly channeled through digital brokerage platforms, often integrated with major banks, and through a unified online trading interface. Market data is already distributed via API, with full trade execution through API under development, which is expected to accelerate integration with banks and fintech platforms and improve execution efficiency³⁹.

Despite these advances, the range of instruments supported by the current legal and infrastructural framework remains limited. Equities, government bonds, and corporate bonds form the core of domestic market activity. Derivatives are recognised at the level of general legislation, but the regulatory and operational framework is not yet sufficient for practical implementation. Structured products are not provided for under the existing

legal framework and therefore are not present in the market. Several initiatives under discussion - including tokenised securities, mortgage-backed instruments, foreign-currency-denominated securities, and, over the longer term, sukuk, ESG instruments, and exchange-traded funds, point to an expanding agenda, but their implementation depends on further infrastructural, legal, and market-readiness progress³⁹.

Overall, Uzbekistan's capital market structure provides a functional base for trading and issuance, supported by improving digital access and clearer regulation. However, fragmentation across platforms, limited post-trade sophistication, and a narrow product set continue to shape how effectively the market can support larger volumes, more complex instruments, and broader investor participation.

³⁸ Subject matter expert, AIFC analysis³⁹ Subject matter expert, AIFC analysis

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN
AND AZERBAIJANEQUITY MARKET
OVERVIEW

4.1.3

Uzbekistan's equity market remains at an early stage of development despite increased policy attention and a growing base of retail investors. While equities are positioned as a central pillar of the government's long-term privatization strategy, market outcomes to date underline persistent structural constraints related to scale, liquidity, and investor absorption capacity.

A flagship initiative shaping the equity-market agenda is the government's privatization programme, including the "People's IPO" initiative, which aims to broaden retail ownership and gradually introduce state-owned enterprises (SOEs) to public markets. While the record UzAuto IPO in 2022 raised USD 5 mln instead of expected USD 90 mln, selling 0.29% instead of planned 5% of its shares⁴⁰, it remains the country's largest to date, underlining the market's nascent stage. While modest in absolute terms, the offering remains symbolically important as a proof of concept for domestic equity issuance and highlights the gap between privatization ambitions and the market's present capacity to absorb large public offerings.

More broadly, equity-market activity is constrained by low free float, a limited number of actively traded issuers, and thin secondary-market liquidity. Total equity-market capitalization is estimated at approximately USD 22 bln, yet effective free float is closer to USD 350 mln, sharply limiting liquidity, price discovery, and institutional participation⁴¹.

Although the number of retail investor accounts has increased significantly, this expansion has not translated into higher equity-trading volumes. Recent market trends indicate that retail investors have increasingly favored debt instruments over equities, reflecting risk preferences, limited investable equity supply, and more predictable returns in the bond market. This trend reinforces the difference between equity-market policy objectives and actual investor behavior, with equity trading remaining thin despite wider account ownership.

A major structural development in 2025 was the appointment of Franklin Templeton as manager of the Uzbekistan National Investment Fund (UzNIF) with 18 SOEs⁴². This mandate is strategically significant

for the equity market, as it links corporate-governance reform with capital-market development objectives.

Despite these initiatives, overall market depth remains limited. As a result, equity markets currently play a secondary role in financing compared with debt markets, which have absorbed the bulk of investor interest and issuance activity.

The policy emphasis has therefore shifted away from near-term transaction volume toward building foundational market conditions. Priority areas include increasing free-float levels, improving disclosure and corporate-governance standards, expanding the pool of investable issuers, and gradually strengthening secondary-market liquidity. In this context, Uzbekistan's equity market is positioned as a long-term instrument for privatization and capital formation rather than an immediate channel for large-scale funding.

⁴⁰ Uzbekistan holds its first IPO in three years. How it was?

⁴¹ Subject matter expert, AIFC analysis

⁴² Franklin Templeton launches the National Investment Fund of the Republic of Uzbekistan – UzNIF, 2025

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN
AND AZERBAIJANDEBT MARKET
OVERVIEW

4.1.4

In contrast to equities, Uzbekistan's debt market has emerged as the most functional and active segment of the domestic capital market. Sovereign and quasi-sovereign issuance has expanded steadily, supported by regular auctions of government securities in the domestic market and repeated Eurobond placements on international markets. This reflects both the state's financing needs and the current structural limitations of the equity market, which constrain its role in capital formation⁴³.

Uzbekistan has made active use of international debt markets in recent years. In 2025, the government successfully placed USD 1.5 bln in sovereign Eurobonds, primarily to finance the budget deficit and support targeted economic programmes, including mortgage lending. This issuance followed earlier sovereign and state-owned enterprise (SOE) Eurobond placements and underscores the government's strategy of diversifying funding sources, using international debt markets alongside the continued development of domestic capital markets⁴⁴. Public and publicly guaranteed debt stood at approximately 32.6% of GDP at end-2024, with external public debt

accounting for around 30.0% of GDP⁴⁴. Uzbekistan is assessed as having a low risk of debt distress and strong debt-carrying capacity, indicating that current borrowing levels remain consistent with macroeconomic stability and provide room for continued market-based financing.

At the domestic level, the government bond market has expanded through regular issuance and a gradual extension of the local-currency yield curve. Government securities are issued and traded on the Uzbek Republican Currency Exchange, while corporate bonds are listed on the Tashkent Stock Exchange, resulting in a structurally segmented domestic bond market. Domestic debt, however, remains a relatively small share of total public debt, underscoring the early stage of local bond-market development and the continued dominance of external funding sources⁴³.

Retail participation has played an increasingly visible role in the growth of the domestic debt market. Individual investors and banks account for a growing share of demand for government and bank-issued bonds, reflecting a combination of risk preferences, limited equity alternatives, and improving digital access through

bank-linked brokerage platforms and mobile investment channels. While this shift has contributed to higher activity and greater stability in the debt segment, it also highlights the asymmetric development of Uzbekistan's capital markets, where fixed-income instruments absorb most investor interest while equity market activity remains subdued. Recent policy initiatives aim to address structural weaknesses in the domestic debt market, particularly in secondary trading. A government programme approved in 2025 seeks to strengthen the secondary market for government bonds (GKO) by increasing the issuance of short-term instruments and improving transparency through enhanced Public Sector Debt Statistics (PSDS) reporting, which commenced in September 2025. These measures are intended to improve liquidity, benchmark pricing, and investor confidence, and to support the development of a more reliable domestic yield curve⁴⁵.

Corporate bond issuance remains limited but shows early signs of diversification. Banks have been issuing bonds for several years, and in 2025 Navoi Mining and Metallurgy Company (NMMC) entered the market

with its inaugural corporate bond issuance, establishing an initial reference point for the non-financial corporate segment. Almalyk Mining and Metallurgical Complex (AMMC) is preparing its first bond programme, and other privatization-linked issuers are moving toward market-based financing. Planned debut Eurobond issuances by major SOEs such as AMMC and NMMC are expected to raise substantial amounts and establish international credit benchmarks, which could, over time, support domestic corporate bond pricing and investor confidence⁴⁵.

Taken together, these developments position the debt market as the most advanced and operational segment of Uzbekistan's capital markets. At the same time, the market remains heavily dominated by public-sector issuers, with limited diversification and shallow secondary liquidity. While recent reforms and issuance activity have strengthened the debt segment's role in public financing, the current structure reinforces the broader imbalance between debt and equity markets, underscoring the need for gradual, coordinated development across market segments as privatization and capital-market reforms continue.

⁴³ Subject matter expert, AIFC analysis

⁴⁴ Roadmap for Sustainable Investment Policy Reforms in Uzbekistan – OECD, 2025

⁴⁵ Subject matter expert, AIFC analysis

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN
AND AZERBAIJANMARKET CONSTRAINTS
AND DEVELOPMENT
TRAJECTORY

4.1.5

Uzbekistan's capital market development is currently shaped by a set of structural constraints that reflect both its early stage of maturity and the legacy of a state-dominated financial system.

A primary constraint is limited market liquidity, particularly in secondary trading. While issuance activity has increased, especially in the debt segment, secondary market turnover remains modest. This reflects a combination of low free float in equities, a narrow set of actively traded instruments, and a limited presence of institutional investors.

More developed secondary liquidity would support stronger price discovery and enhance the role of public markets as exit routes and capital allocation mechanisms beyond primary issuance.

Investor structure further reinforces these dynamics. Banks play a dominant role in the bond market, particularly in government securities, while institutional investors such as investment funds, pension funds, and insurance companies have minimal involvement in corporate securities. In equities, retail investors account for the majority of participation,

but the pool of consistently active investors remains relatively small compared to the total number of accounts. This imbalance slows the development of stable demand across market cycles and makes the introduction of more sophisticated instruments more gradual.

Market fragmentation also acts as a structural constraint. The separation between corporate and sovereign markets across different exchanges, combined with distinct technological systems, could reduce operational efficiency and make the development of unified benchmarks and yield curves more challenging.

While this arrangement has supported gradual development in both segments, closer integration could unlock stronger synergies and support the development of a more cohesive domestic capital market ecosystem.

From a developmental perspective, current policy direction suggests a shift from foundational reform toward gradual market activation. Authorities appear focused less on immediate scale and more on sequencing: strengthening governance at state-owned

enterprises, expanding free float over time, improving transparency and reporting standards, and building confidence among both domestic and foreign investors. The appointment of an international asset manager to oversee the National Investment Fund and efforts to deepen the government bond secondary market all point toward a strategy that prioritizes credibility and institutional readiness over rapid expansion.

At the same time, the growing use of international markets for sovereign and SOE issuance highlights an important transitional feature of Uzbekistan's trajectory. External markets currently provide scale, pricing benchmarks, and investor depth that domestic markets cannot yet replicate.

Looking ahead, Uzbekistan's capital market trajectory is best characterized as incremental and state-coordinated. Progress is likely to continue through targeted initiatives - expanding digital access, introducing selected new instruments, improving post-trade systems, and broadening the investor base.

KYRGYZSTAN



GDP 17.4 (USD Billion)

FDI \$710 million

MARKET CAP 1,064.6 (USD Billion)

INTERESTING FACT

Commercial banks now hold approximately 1/3 of Kyrgyzstan's domestic public debt

33%

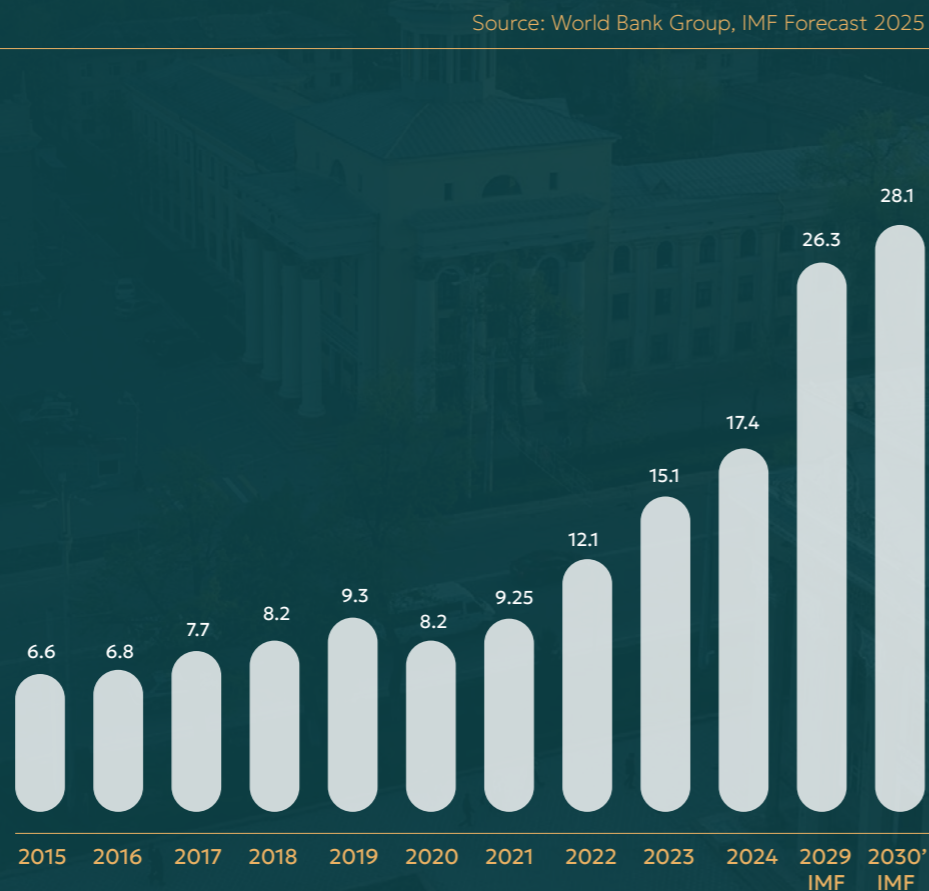
4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

HISTORICAL AND MACROECONOMIC CONTEXT

Figure 42

Kyrgyzstan GDP, historical and forecast, in bln USD

Kyrgyzstan’s capital market operates in the context of a small, open economy, with a relatively concentrated production base, strong cross-border economic ties, and a banking sector that remains the main source of domestic financing. Nominal GDP remains modest by regional standards, shaping the potential scale of domestic capital markets, while continuing to grow year to year and projected to reach USD 28.2 bln by 2030.



4.21

Figure 43

FDI Inflows, bln USD

FDI plays an important role in the economy but remains volatile and structurally concentrated. Net FDI inflows fluctuate significantly year to year and are modest in absolute terms, reflecting political risk perceptions, a narrow investor base, and limited large-scale privatization. Investment is primarily directed toward mining, hydropower, and selected infrastructure assets, with spillovers into domestic capital markets and portfolio investment channels remaining limited to date⁴⁶.



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From a capital-markets perspective, Kyrgyzstan remains bank-centric, with public markets playing a secondary role in financing economic activity. Market capitalization of listed domestic

companies as a percentage of GDP is low and has historically remained in the low single digits, underscoring the limited role of equities in capital formation.

Digitalisation has progressed unevenly. While financial technology (fintech) adoption and digital payments have improved across Central Asia, Kyrgyzstan’s capital-market-specific digital infrastructure remains a foundational stage⁴⁷. Retail participation exists but is constrained by uneven financial literacy, limited product availability, and thin secondary-market liquidity. As a result, technology has not yet acted as a structural catalyst for market depth, unlike in more advanced reform economies.

⁴⁶ O25 Investment Climate Statements: Kyrgyz Republic – U.S Department of State, 2025

⁴⁷ Overview of Fintech Development in Central Asia – KPMG, 2020

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

CAPITAL MARKET STRUCTURE AND INFRASTRUCTURE

4.2.2

Kyrgyzstan’s capital-market structure has evolved gradually over three decades, shaped by the transition from a privatization-driven securities market to a system now seeking institutional resilience and technological modernization.

The country’s first organized exchange was the Kyrgyz Stock Exchange (KSE). It was established in 1994, with the first stock auction held in May 1995 as part of the government’s early privatization programme. KSE became a joint-stock company in 2000. Today, KSE remains the central platform for securities trading in the country, listing 23 companies with a combined market capitalization of approximately USD 2.6 bln as of September 2025⁴⁸.

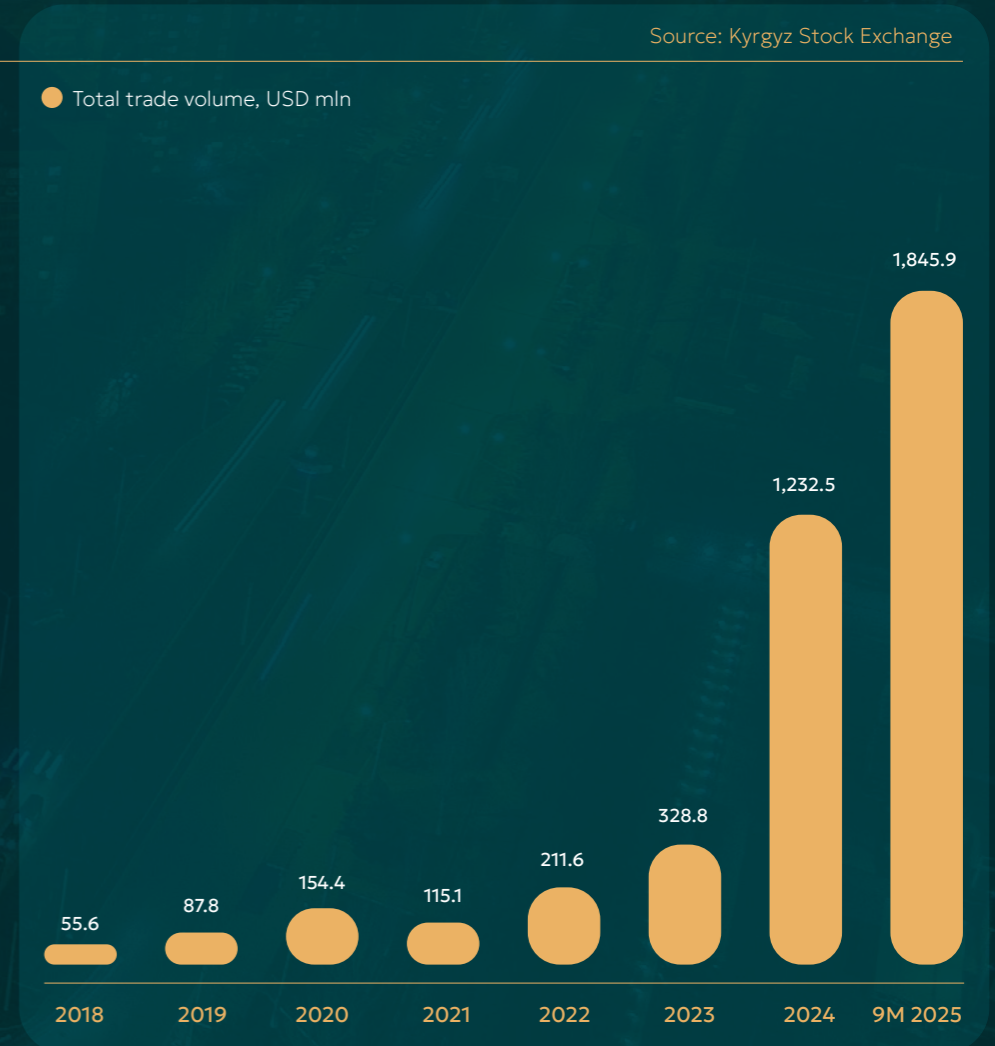
A second exchange, the Stock Exchange of Kyrgyzstan – BTS (BTS), was founded in 1999 by local broker-dealers as an independent trading system. Although BTS and KSE signed a 2011 agreement to consolidate all securities trading onto the KSE platform, BTS has resumed activity intermittently. Its most recent reactivation began in July 2022 and was supported by institutional shareholders such as LLC Registrar of the Central Bank and LLC Osh Commodity and Stock Exchange, along with 15 brokerage firms⁴⁹. During this period, BTS facilitated notable transactions, including two KGS 5 bln (≈ USD 57.2 mln) placements for the State Development Bank and a KGS 5.4 bln (≈ USD 61.9 mln) share placement for OJSC Electric Stations. Public disclosures suggest that BTS activity has been episodic and concentrated around a small number of large placements, while KSE has remained the more consistently active trading venue in practice.

Market structure and post-trade architecture remain based by regional standards. Trading, clearing, and settlement are supported by the Central Depository (CDS), which oversees securities registration and safekeeping. However, the country does not yet have a central counterparty clearing house (CCP), and settlement processes remain manual or semi-automated, limiting scalability, and the ability to accommodate larger volumes or institutional investors. This trajectory was confirmed by senior KSE leadership in a 2025 interview, where officials noted that the exchange is actively modernising its trading infrastructure⁵⁰.

Figure 44

Total trade volume, mln USD

Despite these structural limitations, 2024–2025 marked a notable acceleration in market activity and reform momentum. Trading volumes on KSE reached KGS 50.14 bln (≈ USD 573.9 mln) by June 2025, already exceeding the KGS 28.88 bln (≈ USD 328.7 mln) recorded for all of 2023⁵¹. The market’s growth remained heavily primary-market-driven: KGS 48.03 bln (≈ USD 550 mln) originated from new issuances, while only KGS 2.11 bln (≈ USD 24.2 mln) came from secondary trading, underscoring the still-limited liquidity environment⁵¹.



⁴⁸ Kyrgyzstan – Asia Frontier Capital, 2025

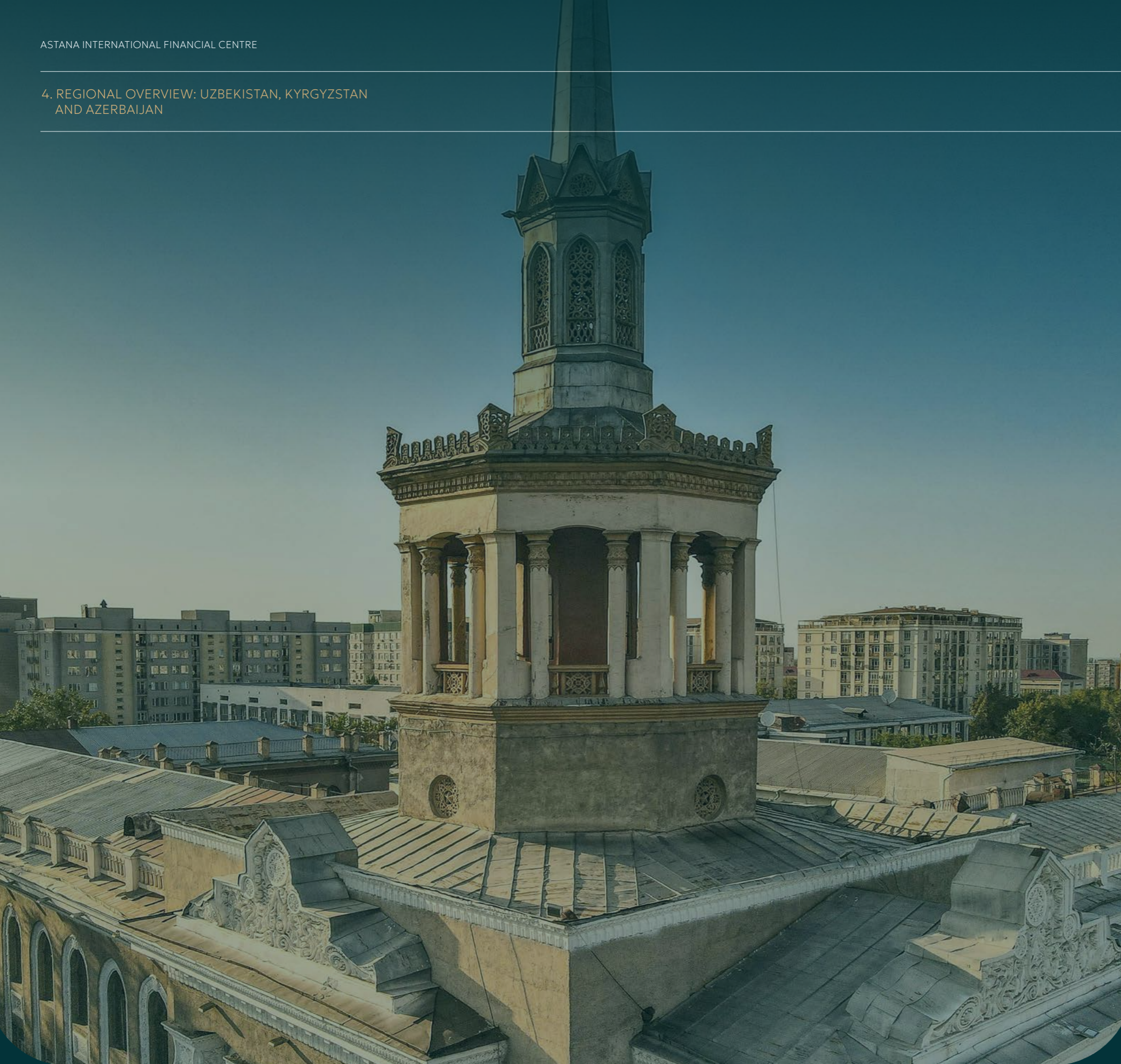
⁴⁹ Kyrgyz Stock Exchanges Witness Explosive Growth in Trading Volume – Khan Teniri Capital, 2025

⁵⁰ Kabar Kyrgyz National Informational Agency, 2025

⁵¹ Kyrgyz Stock Exchanges Witness Explosive Growth in Trading Volume – Khan Teniri Capital, 2025

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN
AND AZERBAIJAN

4.2.2



Digitalisation remains at an early stage, but momentum is increasing. KSE has expanded remote access channels, simplified listing documentation, and begun transitioning to electronic submission processes⁵². A notable development was the 2025 launch of Kylym Bank, which authorities describe as the foundation for a future national clearing and settlement centre. According to the National Bank of the Kyrgyz Republic (NBKR), Kylym Bank is intended to centralise clearing functions, improve payment flows, facilitate real-time settlement, and reduce reliance on fragmented legacy systems⁵³. Once operational, the system is expected to significantly improve the backbone of the financial-market infrastructure and support broader institutional participation.

KSE has expanded its regulatory and operational framework to allow green bonds, foreign issuer access, and electronic listing submissions, following June 2025 government reforms⁵².

In May 2024, the Eurasian Development Bank (EDB), the Financial and Credit Fund under the Ministry of Finance, the Russian–Kyrgyz Development Fund (RKDF), and the Kyrgyz Stock Exchange (KSE) signed a cooperation

agreement to launch a technical-assistance programme aimed at modernizing the country’s stock-exchange infrastructure⁵⁴. As part of this programme, new server and network equipment was delivered and installed in March 2025, followed by the deployment of the QUIK trading system developed by ARQA Technologies in May 2025. This infrastructure upgrade is expected to expand the exchange’s technological capacity, improve execution speed and system reliability, and ultimately support higher trading volumes and broader market participation as the number of active intermediaries increases.

Overall, Kyrgyzstan’s capital-market structure can be characterized as foundational but improving. The system supports basic issuance and trading, backed by growing government engagement, rising turnover, and reforms aimed at strengthening clearing and settlement. While fragmentation, limited automation, and thin secondary-market liquidity continue to constrain the market’s depth, recent reforms indicate a clear strategic shift toward modernization and greater institutional readiness, positioning the system for gradual but meaningful development over the medium term.

⁵² Government Securities Drive Growth on Kyrgyz Stock Exchange – The Times of Central Asia, 2025

⁵⁴ Kabar Kyrgyz National Informational Agency, 2025

⁵³ A new financial institution in Kyrgyzstan: the story behind the creation of “Kylym Bank” – Akchabar, 2025

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

EQUITY MARKET OVERVIEW

4.2.3

Kyrgyzstan’s equity market remains in modest in size, with thin trading liquidity scale, but it has shown early signs of strengthening as regulatory reforms advance and market participation gradually broadens. Equity instruments are listed and traded on the KSE, which currently hosts 23 listed companies with a total market capitalization of approximately USD 2.6 bln as of September 2025⁵⁵. Despite this modest market footprint, recent policy measures,

infrastructure upgrades, and more active public communication by market authorities suggest a consistent effort to make equities a more functional component of the country’s capital-market architecture.

Historically, the equity market has played a minor role in corporate financing. Free float levels are low, trading remains episodic, and many listed entities originate from early privatization rounds, with limited

ongoing investor engagement. Secondary-market turnover is thin, reflecting a small investor base and limited supplies of investable shares. Nonetheless, KSE leadership emphasizes that the exchange is gradually becoming “a real platform for attracting investment”, noting improvements in trading behavior and issuer interest as regulatory processes become more transparent and technology adoption increases⁵⁶.

Retail participation exists but tends to be passive rather than transaction-driven. Retail investors hold shares, but most activity occurs during primary issuances rather than in active secondary-market trading, which is a trend consistent with the overall market structure. Foreign institutional participation remains limited due to liquidity constraints and the small free float, but foreign investors have shown isolated interest in high-profile placements facilitated by both KSE and, previously, BTS.

Recent growth reported in overall exchange turnover has raised public interest, but most of this increase is attributable to debt and primary offerings rather than equities. Media reports describing “explosive growth” in trading volumes largely reflect base effects and heightened activity in other asset classes, particularly government and corporate bonds. In early 2025, corporate debt trading totalled USD 150.5 mln, significantly exceeding equity trading volumes of USD 104.9 mln, while government securities accounted for only USD 13.9 mln over the same period. This distribution highlights investors’ clear preference for debt instruments and underscores the limited role of equities in market activity⁵⁷.

Nonetheless, these developments create a more active marketplace that can provide indirect benefits to equities, including increased investor engagement, broader market visibility, and improved operational capacity within the exchange.

Regulatory and administrative reforms have also laid groundwork for future equity-market expansion. In 2025, the government introduced electronic submission of listing documents, expanded issuer categories, and enabled foreign issuers to access the exchange⁵⁸ - measures intended to widen the pool of potential listings and enhance market attractiveness. The KSE has also adopted ESG reporting requirements and continues to refine disclosure standards, aligning more closely with regional practices and improving transparency for investors.

While the market remains shaped by thin liquidity, a relatively small issuer base, and still-emerging institutional participation, the direction of reform is positive. The exchange’s rising visibility, increased government engagement, and emerging technological upgrades are gradually laying the foundations

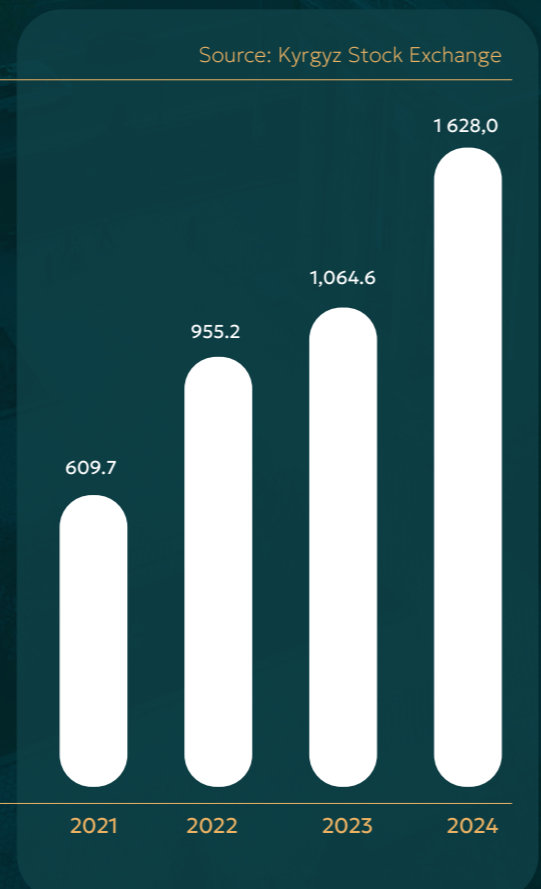
for a more effective equity market. Over time, if combined with targeted privatization efforts and broader investor-education initiatives, these developments could help equities evolve from a complementary component of the financial system into a more meaningful channel for capital formation and corporate financing in Kyrgyzstan.

⁵⁵ Kyrgyzstan – Asia Frontier Capital, 2025

⁵⁶ Kabar Kyrgyz National Informational Agency, 2025

Figure 45
KSE Market Capitalization, mln USD

Market capitalization figures underscore this constraint. Total equity market capitalization remains low in absolute terms and as a share of GDP, reflecting both the small number of listed companies and limited public ownership. Many listed entities are legacy listings with little ongoing investor engagement.



⁵⁷ Kyrgyz Stock Exchanges Witness Explosive Growth in Trading Volume – Khan Teniri Capital, 2025

⁵⁸ Government Securities Drive Growth on Kyrgyz Stock Exchange – The Times of Central Asia, 2025

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

DEBT MARKET OVERVIEW

4.2.4

In contrast to equities, Kyrgyzstan’s debt market has emerged as the most active and functionally developed segment of the domestic capital market, although its role remains primarily fiscal rather than market-deepening in nature. Trading activity on the Kyrgyz Stock Exchange (KSE) is dominated by government securities, with recent growth driven almost entirely by sovereign issuance rather than corporate borrowing⁵⁸. This pattern aligns with the broader surge in KSE activity observed in 2025, where total trading volume reached KGS 50.14 bln (≈ USD 573.9 mln) by early June - already far surpassing the KGS 28.88 bln (≈ USD 328.7 mln) recorded for all of 2023,

underscoring the rapid acceleration of market engagement⁵⁹.

Recent data illustrate a clear acceleration in debt-market activity. Between January and August 2025, trading volume in government securities on the KSE reached approximately USD 64.3 mln, nearly double the volume recorded over the same period in 2024.

In October 2025, over the same timeframe, total exchange activity also increased materially: the number of transactions rose from 1,200 in 2024 to 1,711 in 2025, while total traded value expanded from USD 1.07 bln to USD 1.8 bln.

Although government securities still account for a relatively small share of total exchange turnover, their share increased year-on-year from 2.7% to 3.4%, indicating a gradual shift in investor activity toward fixed-income instruments⁶⁰.

Demand for government securities is concentrated among domestic institutional investors, particularly commercial banks. Banks now hold approximately one-third of Kyrgyzstan’s domestic public debt, using government bonds primarily for liquidity management, regulatory compliance, and balance-sheet allocation rather than for active trading⁶⁰.

Corporate bond issuance exists but remains sporadic and small in scale. Few private companies access the bond market, and issuance is often associated with quasi-sovereign or state-affiliated entities rather than purely private borrowers. Analysts attribute recent growth in debt-market activity to⁶⁰:



increased government participation

legislative reforms improving market regulation

rising investor confidence in sovereign instruments

While these measures have supported higher issuance and trading volumes, they also highlight the current function of the debt market as an extension of fiscal policy rather than as a fully market-based allocation mechanism.

Overall, Kyrgyzstan’s debt market has demonstrated measurable progress in terms of activity and participation, particularly in sovereign instruments. However, the market remains relatively concentrated, with issuer diversity still developing, secondary-market liquidity relatively thin, and banks

continuing to play a central role as core investors. As corporate issuance expands and secondary trading becomes more active, the debt market could gradually evolve from a predominantly public-financing channel into a broader platform that supports wider capital-market development.

⁵⁸ Government Securities Drive Growth on Kyrgyz Stock Exchange – The Times of Central Asia, 2025

⁵⁹ Kyrgyz Stock Exchanges Witness Explosive Growth in Trading Volume – Khan Teniri Capital, 2025

⁶⁰ Government Securities Drive Growth on Kyrgyz Stock Exchange – The Times of Central Asia, 2025

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

MARKET CONSTRAINS AND DEVELOPMENT TRAJECTORY

4.2.5

Kyrgyzstan’s capital market constraints are structural rather than cyclical and reflect the country’s broader economic and institutional context.

Recent increases in trading volumes, driven primarily by government securities, signal operational momentum rather than structural maturity. Without expansion of the issuer base, higher free float, improved post-trade systems, and stronger investor participation, market growth is likely to remain narrow and state-led.

From a market-development perspective, Kyrgyzstan’s capital market is best characterised as foundational rather than transformational. Current activity supports government financing and baseline securities infrastructure, but does not yet fully function as a channel for private capital mobilization or economic diversification.

Looking ahead, the trajectory of Kyrgyzstan’s capital markets is likely to be shaped by incremental strengthening with focus on infrastructural improvements, a broader investor base, greater transparency, and gradual alignment with regional and international practices. Within this agenda, targeted privatisation efforts and broader investor-education initiatives can play a decisive role in enabling equities to evolve from a complementary component of the financial system into a more meaningful channel for capital formation and corporate financing in Kyrgyzstan.

Key constraints include:



Scale limitations:

Small GDP and limited corporate base restrict issuance volumes and investor diversification

Liquidity remains thin:

Limited secondary trading across both equity and debt markets can constrain price discovery and investor confidence

Investor structure imbalance:

Banks dominate debt markets, while institutional investors such as pension funds and asset managers are largely absent

AZERBAIJAN



GDP 74.3 (USD Billion)

FDI \$200 million

MARKET CAP 1.6 (USD Billion)

INTERESTING FACT

2024 marked a historic turning point — Azerbaijan conducted its first-ever IPO, alongside the introduction of remote secondary market trading for shares

1st IPO

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

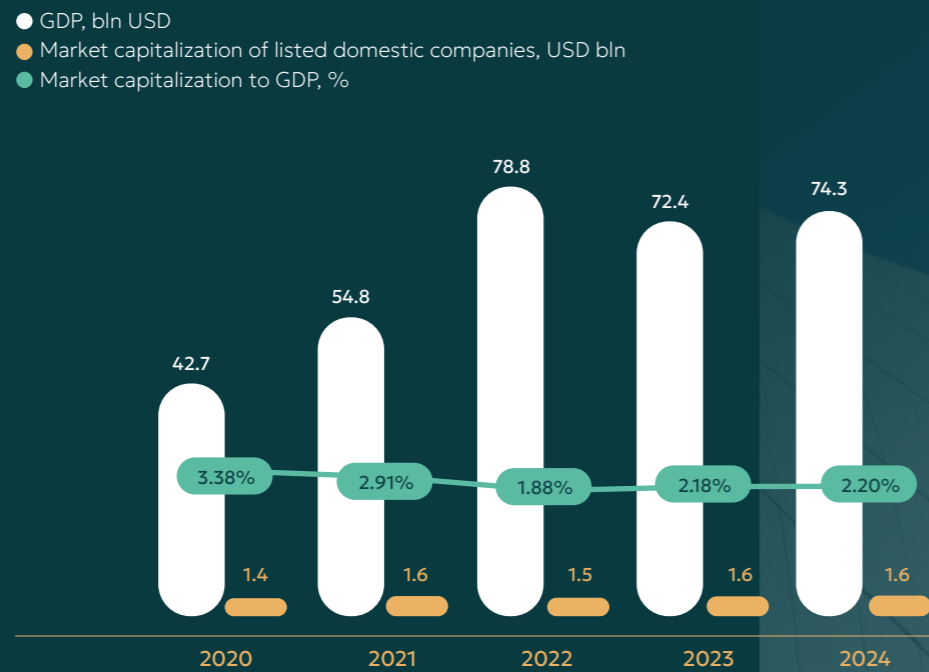
HISTORICAL AND MACROECONOMIC CONTEXT

4.3.1

Figure 46

Azerbaijan GDP in bln USD, Stock market capitalization, percent of GDP

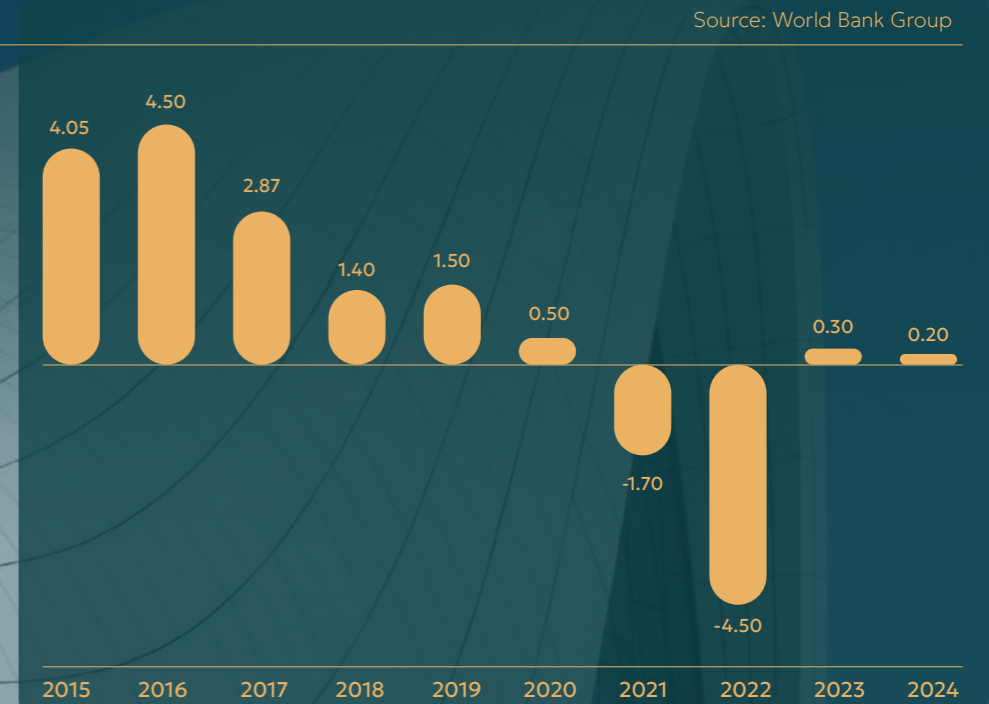
Azerbaijan’s capital market operates within a resource-led economy, where oil and gas continue to dominate GDP, exports, and fiscal revenues. Nominal GDP increased from **USD 42.7 bln in 2020 to USD 74.3 bln in 2024**, reflecting post-pandemic recovery and favorable external conditions.



However, equity market development has not kept pace with economic growth. Market capitalization of listed domestic companies declined from 3.36% of GDP in 2020 to 1.86% in 2022, before stabilizing at around 2.2% of GDP in 2024, indicating persistently shallow market depth and a limited role for public equity markets in domestic financing.

Figure 47

Foreign direct investment, net inflows (BoP, current bln USD)



Net FDI inflows measure the balance between new foreign investment and the repatriation of investment income, and therefore provide a key indicator of a country’s investment attractiveness. In Azerbaijan, net FDI inflows declined steadily after 2016 and turned negative in 2021–2022, when profit repatriation exceeded new inflows by USD 1.7 bln and USD 4.5 bln, respectively. According to World Bank data, net inflows returned to marginally positive levels in 2023–2024 (around USD 0.2–0.3 bln), but remain weak by historical standards.

From a capital-markets perspective, banking and public-sector financing remain dominant, while public markets play a narrower role in mobilizing private capital. This is consistent with Azerbaijan’s historically limited equity free float and a market structure where debt instruments, particularly sovereign and quasi-sovereign instruments, have tended to be more functional than equities as financing channels.

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

CAPITAL MARKET STRUCTURE AND INFRASTRUCTURE

4.3.2

Azerbaijan’s organized securities market is centred on the Baku Stock Exchange (BSE), the country’s only stock exchange. BSE began operations on 15 February 2000 with the support of the Central Bank of the Republic of Azerbaijan (CBA)⁶¹. The exchange is structured as a closed joint-stock company with 20 shareholders.

The modern-era institutional track includes⁶²:



1997	2000	2004	2006	2009
the founding of the BSE	the start of trading	the expansion into corporate bonds, shares and central bank notes	the introduction of interbank REPO	mortgage bond trading
2013	2016	2019	2020	2024
the first market maker institute	the launch of SOCAR bonds and the CETA centralized trading platform	membership in an international stock exchange association and the first domestic-currency bond issue by a foreign issuer	partnership with the World Federation of Exchanges and joining the UN Sustainable Stock Exchanges initiative group	rebrand paired with two “firsts” highlighted by BSE, Azerbaijan’s first IPO and the introduction of remote secondary-market share trading

Post-trade infrastructure is supported by the National Depository Center (NDC), which functions as the central depository established by the financial markets control body. The NDC’s mandate includes organizing and coordinating the depository system, recording ownership and other rights over securities, and registering transactions related to securities. Its listed activities span depository and clearing functions, national numbering agency services, registry activity, executor services, and payment agent services.

Regulatory architecture is relatively centralized. The CBA acts as the state regulatory authority for the exchange and the securities market and can issue rules governing the market, including in relation to participation of foreign companies. At the same time, there are practical constraints for foreign listings: the BSE’s primary listing rules (approved 28 October 2021) do not regulate listing of foreign companies, and foreign issuers seeking circulation of securities domestically must

obtain a CBA certificate under older (2000) regulations, with the CBA review period stated as 30 business days, which makes these rules rather unclear in practice and poses challenge for the foreign companies⁶³.

A defining feature of the current development phase is the BSE’s **2024–2026 Strategic Development Directions**, which articulate a structured approach to expanding both the supply of securities and investor participation across market segments⁶⁴. The strategy places emphasis on issuer readiness, investor access, and institutional capacity-building as parallel and mutually reinforcing priorities.

In this context, the **Listing Advisory Program** and the publicly available **Issuer Calculator** appear to function as early operational instruments supporting the strategy’s stated objectives. Together, they signal a deliberate effort to lower informational and procedural barriers for potential issuers by improving transparency around

issuance requirements, expected costs, and regulatory processes, while simultaneously providing structured advisory support throughout the listing lifecycle.

The Listing Advisory Program⁶⁵ is positioned as an end-to-end support mechanism for companies that want to raise financing through securities issuance, aiming to prepare issuers to meet market-segment requirements, strengthen accountability and financial transparency, and improve corporate management; the programme emphasizes 360-degree support for structuring issuance and placement, access to a growing network of experts and issuers, media support, and access to the investor base.

The BSE’s Issuer Calculator provides a public estimate of issuance and listing-period fees by security type, issuance volume, listing duration, and market segment; it excludes underwriting fees and BSE trading tariffs, and requires foreign-currency issues to be entered in AZN equivalent.

⁶¹ Baker McKenzie, 2024

⁶² Baku Stock Exchange

⁶³ Baker McKenzie, 2024

⁶⁴ Baku Stock Exchange Strategic Development Directions for 2024-2026

⁶⁵ Baku Stock Exchange

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

4.3.2

The 2024–2026 strategy prioritizes growth in the domestic bond market as a foundational pillar. It identifies indicative growth potential of:



USD 765 mln (AZN 1.3 bln)

in state-owned enterprise (SOE) bond issuance,

USD 1.47 bln (AZN 2.5 bln)

in institutional investor participation,

USD 882 mln (AZN 1.5 bln)

in corporate bond issuance

In parallel, the strategy explicitly targets the expansion of individual investor participation in local bond instruments, estimating potential additional demand of **USD 165 mln (AZN 280 mln)**, reflecting an effort to channel domestic savings into capital-market products.

For equities, the strategy focuses on strengthening participation and pipeline development rather than short-term volume growth. Measures include facilitating individual investor access through closer integration with banks and intermediaries and promoting private-sector IPOs through targeted support mechanisms. These initiatives are associated with indicative potential increases of **USD 97 mln (AZN 165 mln)** in individual equity investment and up to **AZN 500 mln (≈ USD 294 mln)** in market capitalization from private-sector IPOs, reflecting an emphasis on incremental broadening of the listed universe rather than rapid scale expansion.

Importantly, the strategy recognizes that execution requires institutional capability-building inside the exchange itself - organizational structure and corporate governance upgrades, digitalization & IT infrastructure, including completion of trading system modules, creation of a single trade-data database, and internal digitization. Infrastructure modernization has also translated into measurable efficiency gains. According to recent market reporting, upgrades to electronic trading platforms reduced transaction costs by approximately **35%** and enabled real-time settlement capabilities. Integration with international clearing systems has further facilitated cross-border investment flows, supporting increased accessibility for foreign institutional participants and aligning domestic market infrastructure more closely with international operational standards⁶⁶.

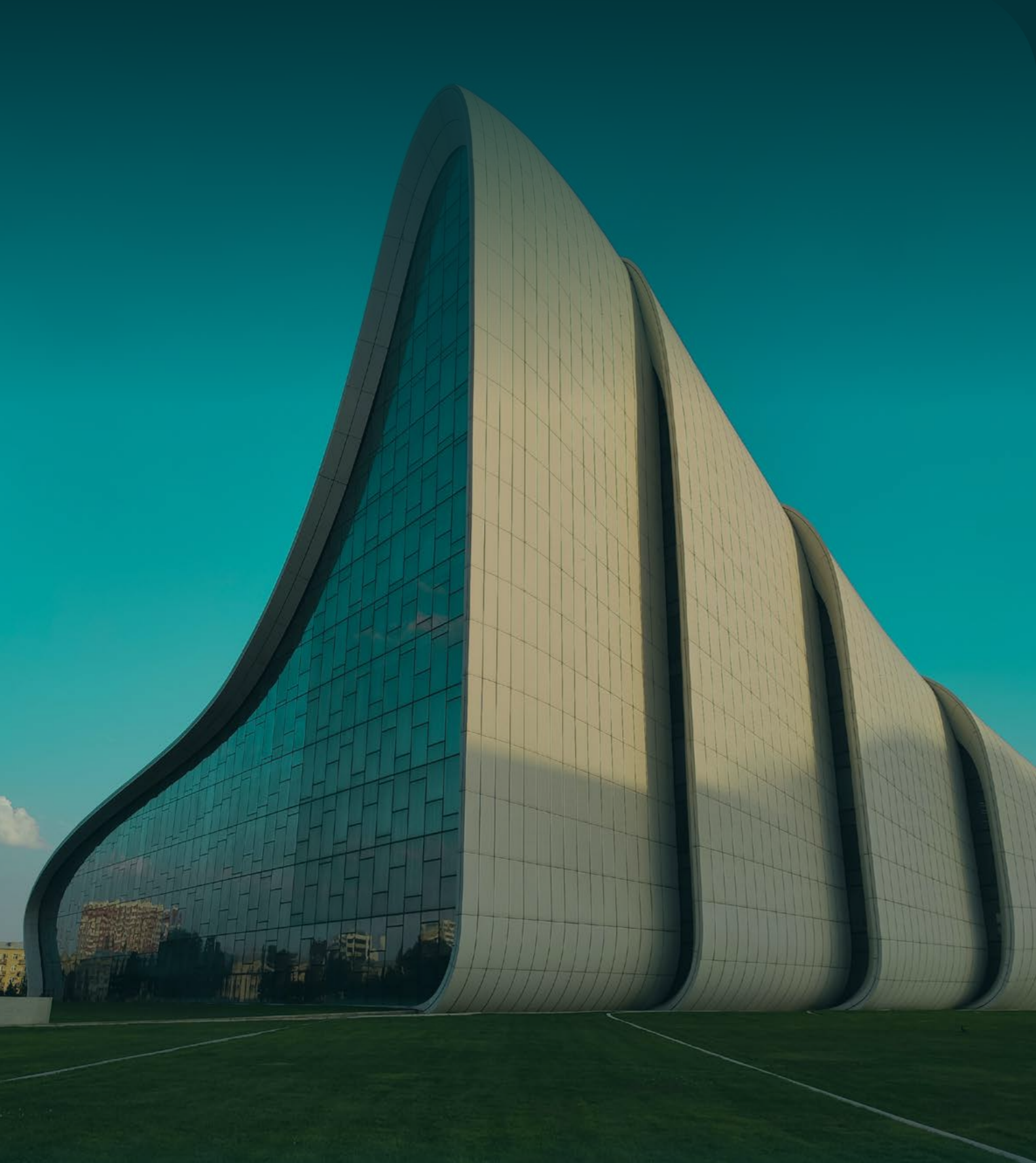
In parallel, market feedback indicates that parts of the distribution strategy are already materializing in practice, with some banks beginning to embed “investment” sections into their mobile apps, supporting easier retail access to capital market.

In October 2025 seven companies completed initial public offerings during the period, raising approximately USD 340 mln in primary capital⁶⁷. New listings were concentrated in the technology, telecommunications, and financial services sectors, contributing to an expansion of total market capitalization to USD 18.4 bln.



⁶⁶ Baku Stock Exchange Trading Volume Surges 156% - Caucasus business journal, 2025

⁶⁷ Baku Stock Exchange Trading Volume Surges 156% - Caucasus business journal, 2025



EQUITY MARKET OVERVIEW

Azerbaijan’s equity market remains structurally shallow, however, BSE’s strategy indicates a transition toward a more “active equity” agenda. The exchange highlights 2024⁶⁸ as a turning point marked by the first IPO in Azerbaijan’s history and the introduction of remote trading for shares on the secondary market - changes that matter because they directly address two long-standing constraints: pipeline scarcity (few IPOs) and access frictions (limited retail participation mechanics).

The 2024–2026 strategy reinforces this shift by treating equity-market development as a participation and pipeline problem rather than a purely technical trading problem. The plan puts weight on



Enabling investment account opening through banks’ and intermediaries’ online/mobile channels and synchronizing BSE infrastructure with banks, intermediaries and the NDC

Structured issuer cultivation through expanded advisory support (including “Listing Advisory Program 2.0” referenced in the strategy)

An IPO Accelerator Program built with partnerships across business associations and SME-support institutions⁶⁹

Overall, Azerbaijan’s equity market is best characterized as early-stage but strategically prioritized: still small in the number of listed names and market depth, yet supported by a structured institutional programme focused on



Retail access via bank distribution

Issuer readiness and governance uplift

IPO pipeline acceleration

⁶⁸ Baku Stock Exchange

⁶⁹ Baku Stock Exchange Strategic Development Directions for 2024-2026

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

DEBT MARKET OVERVIEW

4.3.4

In Azerbaijan, debt instruments have historically been the primary channel of the domestic capital market, aligning with the broader regional pattern in which sovereign/quasi-sovereign issuance and bank balance sheets drive domestic fixed-income activity. The BSE's 2024–2026 strategy treats bond-market scaling as a key development lever and breaks it down into: expanding SOE bond issuance, strengthening the

institutional investor base (banks, insurers, and potentially asset managers/pension-type pools), and growing corporate bond issuance as a real-economy financing channel⁶⁹.

On **7 March 2025, SOCAR's Green Bonds** commenced secondary market trading on the **Baku Stock Exchange**, marking the first green bond instrument available on the domestic market⁷⁰. The

launch is significant as it expands the range of debt instruments beyond conventional sovereign and corporate bonds and aligns Azerbaijan's capital market with global trends in sustainable finance. It also builds on the established investor base for SOCAR bonds, which have been traded on the BSE since 2016, supporting confidence in thematic and ESG-linked instruments.

The turnover structure of the Baku Stock Exchange highlights a capital market dominated by liquidity-management and public-sector instruments rather than private-sector capital formation⁷¹. Across all years, **repo operations and central bank instruments account for the majority of trading volume**⁷², indicating that market activity is driven primarily by banking-sector liquidity needs and monetary

operations rather than secondary trading in corporate securities. **Government bond turnover has increased steadily**, particularly in 2023–2025⁷³, reflecting deeper reliance on domestic debt instruments for public financing and improved absorption capacity among domestic investors. In contrast, **corporate securities and mortgage bonds remain small and relatively stable**⁷⁴,

underscoring the still limited role of the capital market in financing private-sector investment. The sharp expansion in total turnover in 2023–2024 is therefore best interpreted as a **scale effect from repo and public-sector instruments**, rather than evidence of broad-based market deepening or equity-market maturity⁷⁵.

The strategic plan is notable for attaching “market potential” estimates to these initiatives (forecasted by the exchange, with caveats that outcomes may vary)⁷⁶:

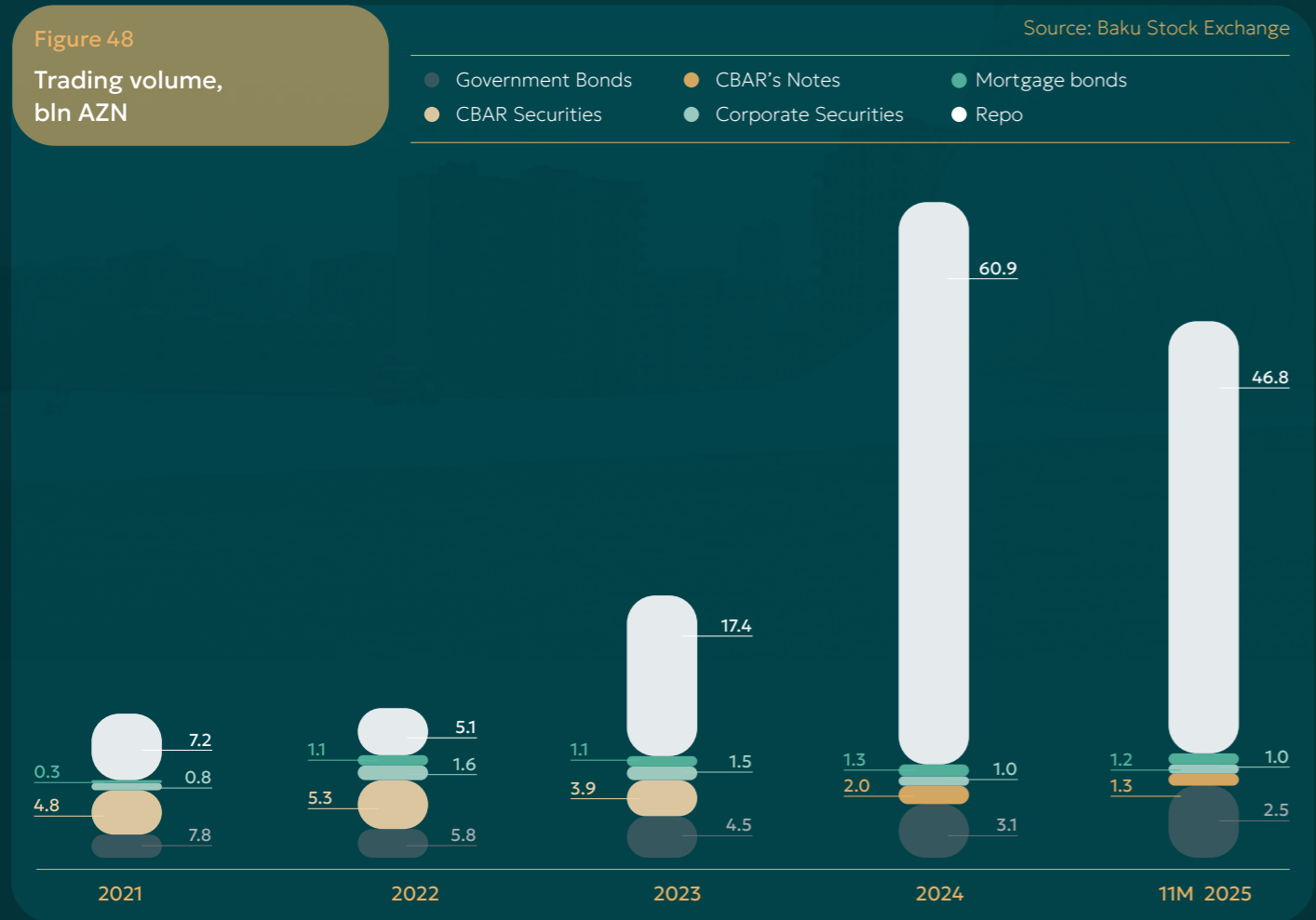
USD 765 mln (AZN 1.3 bln)
potential growth in SOE bond volumes

USD 1.47 bln (AZN 2.5 bln)
of foreseeable institutional investor potential

USD 882 mln (AZN 1.5 bln)
potential growth in corporate bond volumes

⁶⁹ Baku Stock Exchange Strategic Development Directions for 2024-2026

⁷⁰ SOCAR's "Green Bonds" Commence Trading on the Baku Stock Exchange – AzFen, 2025



It also emphasizes demand-building for bonds among individuals, including awareness campaigns and targeted events, with an indicative USD 165 mln (AZN 280 mln) individual investor potential - implicitly recognizing that Azerbaijan's domestic savings base has not yet been systemically converted into capital-markets demand.

October 2025 media coverage reported a sharp surge in BSE trading volumes in the first three quarters of 2025 and highlighted government bond issuance and yields as a core driver of activity⁷⁷.

Government bond issuances totaling approximately USD 2.3 bln attracted both domestic and international investors seeking stable yields. Medium-term sovereign bonds traded at yields between 6.85% (for 2 year bonds) and 7.8% (for 3 year bonds)⁷⁸. Yield on sovereign Eurobonds averaged 4.8%⁷⁹ as of October-end 2025, reflecting improved sovereign credit metrics and a relatively stable macroeconomic environment. This demand profile reinforces the characterization of the debt market as the most functional and liquid segment of the domestic capital market, albeit one still closely tied to fiscal and public-sector financing dynamics.

Structurally, the debt market's development trajectory appears more straightforward than equities: Azerbaijan already has the institutional “anchors” (banks and public-sector issuers), and the BSE strategy is designed to convert those anchors into repeat issuance programmes and a broader investor base through clearer issuance support, market education, and infrastructure synchronization across banks, intermediaries and the NDC.

⁷¹ Capital Market Insights of Azerbaijan – Baku Stock Exchange, November 2025

⁷² Capital Market Insights of Azerbaijan – Baku Stock Exchange, 2024

⁷³ Capital Market Insights of Azerbaijan – Baku Stock Exchange, 2023

⁷⁴ Capital Market Insights of Azerbaijan – Baku Stock Exchange, 2022

⁷⁵ Capital Market Insights of Azerbaijan – Baku Stock Exchange, 2021

⁷⁶ Baku Stock Exchange Strategic Development Directions for 2024-2026

⁷⁷ Baku Stock Exchange Trading Volume Surges 156% - Caucasus business journal, 2025

⁷⁸ Baku Stock Exchange - Q3 2025 Bulletin on Azerbaijan Capital Market Insight

⁷⁹ MidLincoln Research

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

MARKET CONSTRAINS AND DEVELOPMENT TRAJECTORY

4.3.5

Azerbaijan’s capital market constraints are primarily structural, reflecting a combination of limited equity supply, concentrated issuer bases, and an evolving regulatory and infrastructure environment.

External participation has shown signs of recovery alongside regulatory easing. Foreign institutional investors reportedly increased exposure to Azerbaijani securities by **78%**, supported by the Central Bank’s easing of selected currency restrictions and improvements in regulatory transparency⁸⁰. Looking ahead, analyst forecasts anticipate continued market expansion, with additional corporate listings and planned government infrastructure bond issuances in 2026. While these developments support Azerbaijan’s broader economic diversification objectives, their long-term impact will depend on the persistence of issuer pipelines, sustained investor participation, and continued progress in secondary-market liquidity.

Key constraints include:



Shallow equity depth and a narrow breadth of listings:

With few listed companies and a low market-cap-to-GDP ratio, equities play a limited role in domestic capital formation

Foreign company registration complexity:

While foreign securities circulation is addressed by older CBA regulations (certificate-based), Baker McKenzie highlights that current practice is constrained by outdated/unclear rules and the absence of precedent foreign issuance, which limits cross-border product diversification and institutional participation pathways

Investor base concentration and “participation gap”:

The development strategy highlights institutional and retail participation as areas to be strengthened, suggesting that current demand may not yet be deep enough to sustain liquidity without targeted programmes

Market infrastructure modernization needs:

The BSE strategy ties success to internal organizational upgrades, IT/digitalization improvements (including trade-data systems), and the establishment of more mature risk management practices - suggesting that market scaling is constrained not only by issuers/investors but also by operational readiness

Despite these constraints, Azerbaijan’s development trajectory is comparatively well-defined because it is anchored in a detailed exchange-led roadmap. The 2024–2026 strategy effectively sets a sequencing logic:



expand and professionalize fixed-income issuance (SOE and corporate)

deepen institutional investor activity

unlock retail distribution through banks and digital channels

use these improvements to support a credible IPO pipeline via advisory and accelerator programmes

In essence, while market breadth and secondary liquidity remain limited, the exchange-led 2024–2026 roadmap formalizes a set of initiatives supported by issuer-facing tools (advisory support and an issuer cost calculator) and measures to expand retail participation. Over time, activity shifts toward more regular issuance and more consistent secondary-market turnover.

⁸⁰ Baku Stock Exchange Trading Volume Surges 156% - Caucasus business journal, 2025

COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

5

KEY FIGURES



21.5%

Poland's equity market cap to GDP in 2024 — classified as Developed Market



USD 816 bln

Abu Dhabi Securities Exchange market capitalisation by end-2024, up from USD 204 bln in 2020

SUMMARY PARAGRAPH



402 issuers

On the Warsaw Stock Exchange Main Market as of Q3 2025

22%

Kazakhstan's equity market cap to GDP in 2024 — classified as Frontier Market

USD 71 mln

VC funding in Kazakhstan in 2024 — the largest in Central Asia that year

September 2026

Viet Nam's FTSE reclassification from Frontier to Secondary Emerging takes effect

Three international trajectories — Viet Nam, the UAE, and Poland — illuminate how capital markets evolve from frontier or emerging status toward deeper integration and global classification upgrades. The common thread is not market size: it is institutional quality, settlement reliability, investor accessibility, and regulatory consistency. Poland's case is the most directly instructive for Kazakhstan — despite a market cap-to-GDP ratio of 21.5%, nearly identical to Kazakhstan's 22%, Poland is classified as a Developed Market. The difference lies in operational maturity and regulatory alignment, not in economic scale.

3. KAZAKHSTAN CAPITAL MARKET OVERVIEW

FTSE RUSSELL COUNTRY CLASSIFICATION

5.1

FTSE Russell, a leading global index provider, classifies countries' capital markets into four categories based on market accessibility, size, liquidity, and governance standards. These classifications are widely used by international investors and index-tracking funds to guide portfolio allocation and benchmark construction.

The four categories are:



1

Frontier Markets

Smaller, less accessible markets with developing infrastructure, regulatory frameworks, and investor protections

2

Secondary Emerging Markets

More mature than frontier markets, featuring improved liquidity, institutional infrastructure, and foreign investor access, but still with some limitations

3

Advanced Emerging Markets

Well-established markets with robust regulatory frameworks, high liquid

4

Developed Markets

Highly liquid, fully accessible markets with advanced regulatory and operational infrastructure, strong corporate governance, and significant foreign participation

CLASSIFICATION CRITERIA

FTSE Russell evaluates countries across multiple dimensions, including but not limited to:



- **Market Accessibility** – Ease for foreign investors to enter, trade, and repatriate capital, including account opening, foreign ownership limits, and settlement efficiency.
- **Size and Liquidity** – Market capitalization, turnover ratios, number of active securities, and investor participation.
- **Regulatory Environment** – Quality of market supervision, corporate governance standards, investor protection, and transparency.
- **Operational Infrastructure** – Trading, clearing, and settlement systems, including electronic platforms, CSD functionality, and connectivity with international custodians.
- **Macroeconomic and Political Stability** – General economic policy, currency convertibility, and political conditions affecting capital markets.

Relevance of Classification

FTSE Russell countries' classifications are updated annually, following a thorough review of each country's markets. Changes in classification can significantly impact foreign investment flows, index inclusion, and global visibility:

- Upgrading from Frontier to Secondary Emerging can increase international portfolio inflows, as index funds and institutional investors adjust holdings to reflect the new status.
- Downgrades or exclusion from indices can reduce visibility and liquidity, highlighting the importance of maintaining governance, transparency, and operational standards.
- By providing a standardized framework, FTSE Russell enables investors to compare markets globally, track progress over time, and make informed allocation decisions based on market sophistication and accessibility.

Within the FTSE framework, Kazakhstan is currently classified as a Frontier Market, reflecting both its ongoing development and its future potential. The journey toward reclassification is inherently gradual and can span several years, as it involves meeting a wide range of criteria and demonstrating sustained progress over time. While challenges such as market depth and liquidity remain important considerations, the process is also shaped by the methodological intricacies of

FTSE's classification system. Encouragingly, Kazakhstan has made meaningful strides in strengthening regulatory quality, enhancing market infrastructure, and improving access for foreign investors. Moreover, both regulatory authorities and local exchanges are actively engaged in advancing reforms and contributing to the country's continued evolution, supporting its long-term ambition of achieving an upgraded position within FTSE indices.

VIET NAM

5.2

Viet Nam’s modern capital markets were built through a long sequence of institution-formation steps rather than a single reform wave. Preparatory reforms began with the equitization of state-owned enterprises in 1992, followed by the establishment of the State Securities Commission (SSC) in 1996.



GDP

478.4 (USD Billion)

MARKET CAP

204.6 (USD Billion)

INTERESTING FACT

99% of investment accounts belonged to individual investors in 2000

99%

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

BRIEF HISTORY AND DEVELOPMENT

5.2.1

Viet Nam’s modern capital markets were built through a long sequence of institution-formation steps rather than a single reform wave. Preparatory reforms began with the equitization of state-owned enterprises in 1992, followed by the establishment of the State Securities Commission (SSC) in 1996. Institutionally, Viet Nam pursued a dual-exchange structure, with the Ho Chi Minh Stock Exchange (HOSE) emerging as the primary venue for large-cap and liquid equities in 2000, and the Hanoi Stock Exchange (HNX) hosting smaller listings and government bond trading in 2005. Over time, regulatory consolidation and infrastructure upgrades aimed to reduce fragmentation

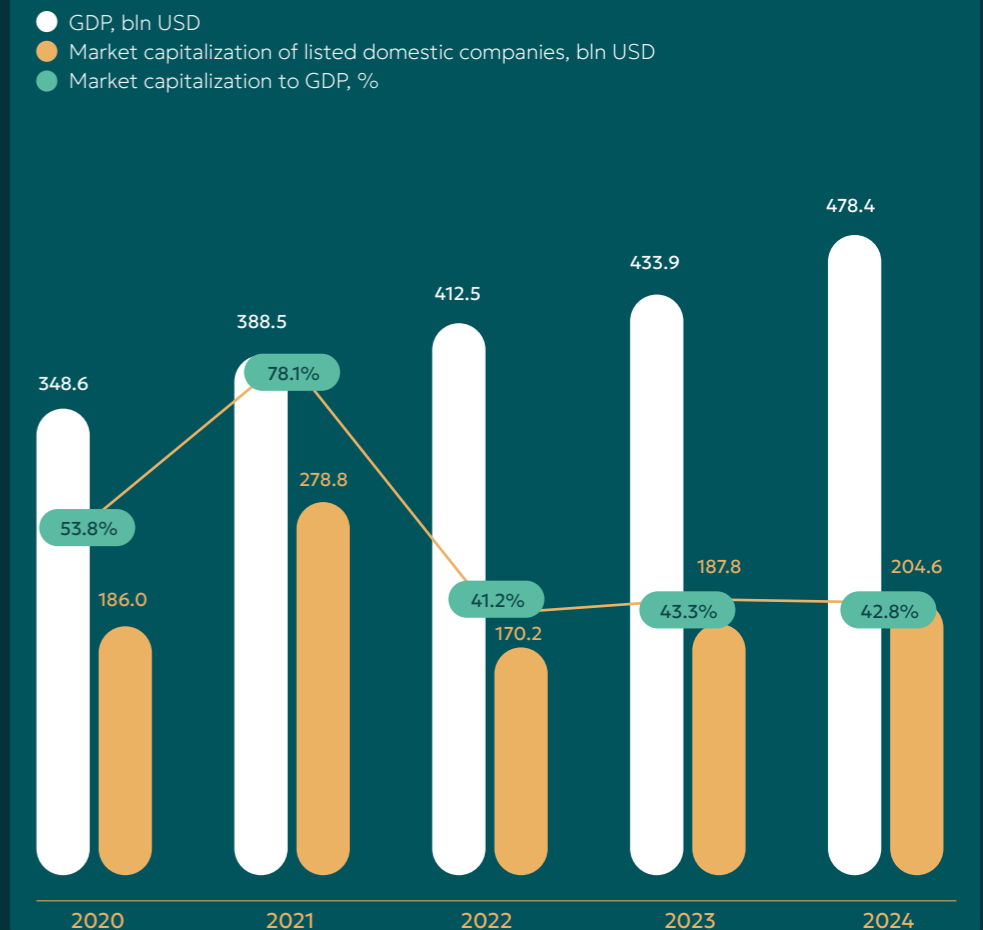
and improve market operability, particularly from the perspective of foreign institutional investors. Viet Nam also established the Viet Nam Securities Depository (VSD) in 2006, revised its Securities Law multiple times (including revisions noted in 2010 and 2019), and launched a financial derivatives market in 2017 as part of a broader effort to diversify products and strengthen market functioning. This sequencing is relevant because it frames Viet Nam’s later index-upgrade trajectory as the outcome of multi-year regulatory and institutional maturation rather than purely cyclical market performance⁸¹.

Figure 49

Viet Nam nominal GDP, bln USD

World Bank data show that Viet Nam’s nominal GDP increased from approximately USD 31 bln in 2000 to over USD 400 bln by 2023, reflecting sustained industrialization, export growth, and rising domestic consumption⁸². This expansion materially increased both the potential issuer base and domestic savings pool, even while financial intermediation remained predominantly bank-based.

Source: World Bank



⁸¹ The Emerging Asia-Pacific Capital Markets: Challenges and Opportunities – CFA Institute Research Foundation

⁸² GDP (current US\$), Viet Nam – World Bank Group

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

EQUITY MARKET OVERVIEW

5.2.2

Viet Nam’s equity market has historically been characterized by strong retail participation, with 99% of investments accounts belonging to individual investors in 2000, and episodic surges in liquidity, with market modernization occurring alongside broader institutional strengthening⁸³.

Structurally, Viet Nam’s equity market has remained characterized by:



High retail investor participation

Significant state ownership in strategic sectors such as banking, energy, and infrastructure, with partial privatization expanding free float over time

Rising foreign investor interest, constrained historically by ownership limits and operational frictions rather than lack of economic scale float over time

While absolute market capitalization growth alone does not determine market classification, FTSE Russell’s framework places strong emphasis on “investability”, defined by the practical ability of international investors to enter, hold, and rebalance positions efficiently.

DEBT MARKET OVERVIEW

5.2.3

Viet Nam’s financial system remains predominantly bank-centric. Government bonds form the backbone of domestic capital markets, serving both fiscal financing and monetary policy functions, while corporate bond markets have expanded episodically and then contracted following regulatory tightening aimed at improving transparency and investor protection⁸⁴.

Key structural characteristics include:



Sovereign bonds as the most stable and liquid segment of the domestic debt market;

Corporate bond issuance growth during periods of accommodative financial conditions, followed by retrenchment amid governance concerns;

Limited role of foreign participation in local-currency debt compared with more advanced emerging markets.

While absolute market capitalization growth alone does not determine market classification, FTSE Russell’s framework places strong emphasis on “investability”, defined by the practical ability of international investors to enter, hold, and rebalance positions efficiently.

⁸³ The Emerging Asia-Pacific Capital Markets: Challenges and Opportunities – CFA Institute Research Foundation

⁸⁴ Unlocking the Potential of Viet Nam’s Capital Markets – The World Bank, 2023

4. REGIONAL OVERVIEW: UZBEKISTAN, KYRGYZSTAN AND AZERBAIJAN

FTSE MARKET CLASSIFICATION: FROM FRONTIER TO SECONDARY EMERGING AND ITS IMPLICATIONS FOR KAZAKHSTAN

5.2.4

FTSE Russell confirmed the reclassification decision in 2025 and stated that the change is expected to be implemented from September 2026, subject to the index implementation schedule described in FTSE materials⁸⁵. FTSE Russell's Viet Nam reclassification materials indicate that an upgrade is not purely a reflection of market size, but primarily of market accessibility and operational

“investability” as assessed through its country classification framework. Reclassification occurs when a country meets all criteria set out in the FTSE Equity Country Classification Framework. Different markets may face constraints in different areas when assessed against these criteria, depending on their institutional, regulatory, and operational characteristics.

While this outcome reflects a trajectory shaped by Viet Nam’s broader economic, regulatory, and institutional context, FTSE Russell’s reclassification announcement draws attention to a limited number of concrete measures that exemplify the type of market-operability enhancements assessed within the classification process.

Reclassification to Secondary Emerging market status is generally associated with changes in index eligibility that may influence capital allocation. In particular inclusion in FTSE Emerging indices:

- increases relevance for passive strategies tracking these benchmarks
- expands eligibility for active emerging-market mandates that exclude Frontier markets⁸⁷



⁸⁵ Reclassification of Vietnam from Frontier to Secondary Emerging Market Status, FAQ

⁸⁶ FTSE Russell announces results of September 2025 semi-annual country classification review for equities and fixed income

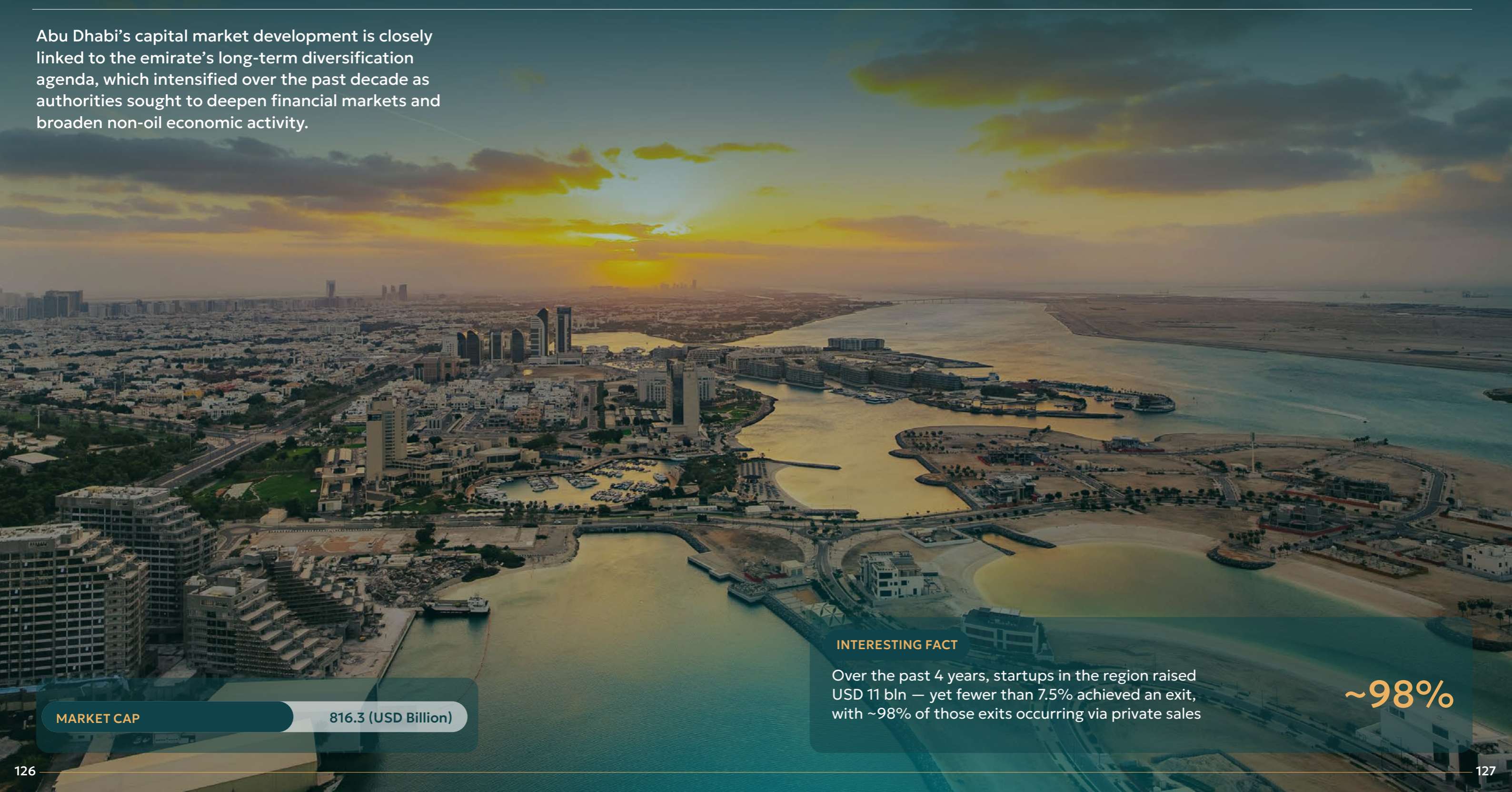
⁸⁷ Vietnam's Upgrade to Emerging Market Status – The Diplomat, 2025

5. COMPARATIVE ANALYSIS: VIET NAM,
UAE AND POLAND

UAE

5.3

Abu Dhabi's capital market development is closely linked to the emirate's long-term diversification agenda, which intensified over the past decade as authorities sought to deepen financial markets and broaden non-oil economic activity.



MARKET CAP

816.3 (USD Billion)

INTERESTING FACT

Over the past 4 years, startups in the region raised USD 11 bln — yet fewer than 7.5% achieved an exit, with ~98% of those exits occurring via private sales

~98%

5. COMPARATIVE ANALYSIS: VIET NAM,
UAE AND POLAND**HISTORICAL AND
MACROECONOMIC CONTEXT**

Abu Dhabi's capital market development is closely linked to the emirate's long-term diversification agenda, which intensified over the past decade as authorities sought to deepen financial markets and broaden non-oil economic activity. According to Oxford Business Group (2020)⁸⁸, ongoing regulatory reforms, including enhancements to listing rules, disclosure practices, and market infrastructure have supported the gradual deepening of the Abu Dhabi Securities Exchange (ADX) and encouraged greater participation from both domestic and international investors. ADX, established in 2000 as part of the UAE's early capital-market reforms, continued to operate alongside the Abu Dhabi Global Market (ADGM), the common-law financial centre launched in 2015. This dual-structure architecture enables Abu Dhabi to support both domestic capital formation onshore and international financial activity within ADGM, which follows principles aligned with global financial centres.

Oxford Business Group also highlights stronger institutional reforms and the development of supporting legal and supervisory frameworks, which together have contributed to rising market depth and sustained trading activity. ADX aims to continue expanding its product offering, strengthen post-trade infrastructure, and enhance visibility among global investors as part of its strategy marking 25 years since establishment⁸⁹. Together, these regulatory, institutional, and strategic developments underpin Abu Dhabi's efforts to position itself as a competitive regional capital-markets hub, while maintaining alignment with broader UAE market reforms and international standards.

5.3.1**MARKET CLASSIFICATION
AND INTERNATIONAL POSITIONING****5.3.2**

In terms of market classification and international positioning, the UAE's capital markets including ADX were upgraded by FTSE Russell to Secondary Emerging Market status in 2010, following improvements in regulatory transparency, settlement

processes, and foreign investor access⁹⁰. The more recent FTSE Russell 2025 Country Classification Update⁹¹ confirms that the UAE continues to hold Secondary Emerging Market standing.



⁸⁸ Will regulatory reform deepen Abu Dhabi's capital markets? – Oxford Business Group, 2020

⁸⁹ Abu-Dhabi Market ADX: Phoenix Of The Desert For A Quarter Of A Century – Finews, 2025

⁹⁰ UAE gets emerging market tag from FTSE Group – Reuters, 2010

⁹¹ FTSE Equity Country Classification September 2025 Announcement

EQUITY MARKET OVERVIEW

5.3.3

Abu Dhabi’s equity market has grown rapidly over the past three to five years, driven by a wave of large-scale listings and elevated retail and institutional participation.

Between 2020 and 2024, the Abu Dhabi Securities Exchange (ADX) experienced substantial growth in market capitalization, supported by a combination of strategic initiatives, IPO activity, and increased investor participation. The exchange’s market cap more than doubled from USD 204 bln (AED 750 bln) in 2020 to USD 435 bln (AED 1.6 trln) in 2021, before reaching USD 816 bln⁹² (AED 2.99 trln) in by the end of 2024.

This growth was primarily driven by:

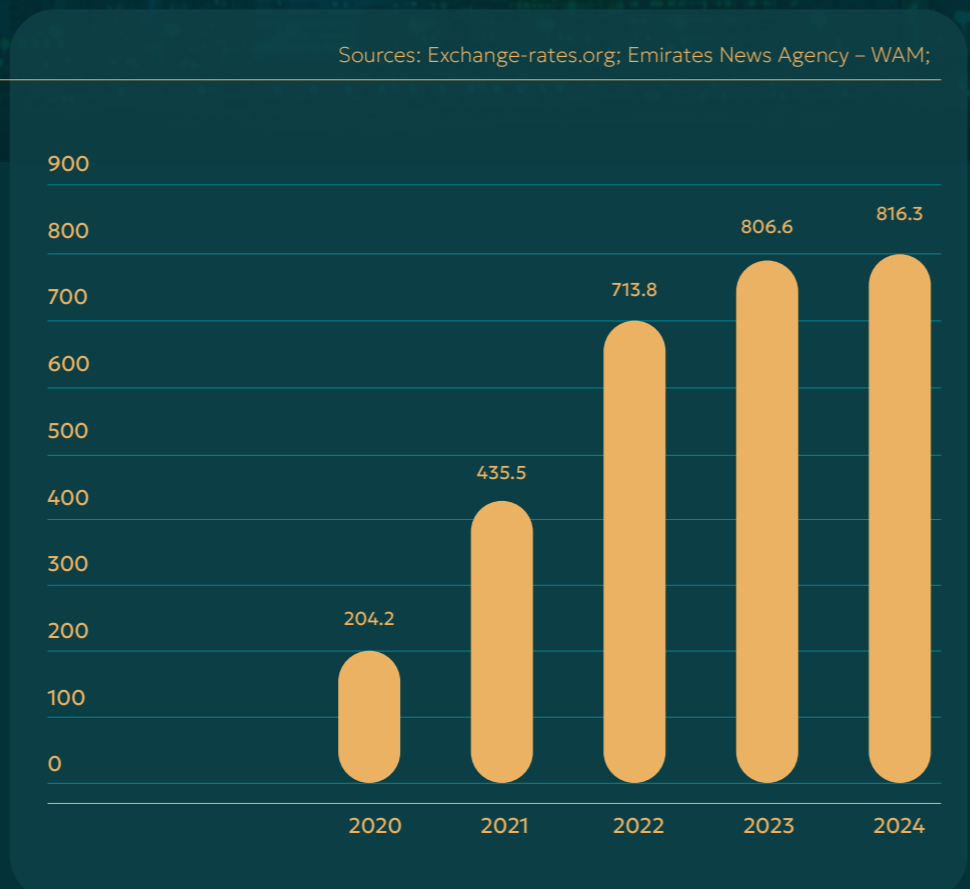
- **IPO Activity of large entities:** High-profile IPOs and new listings played a major role in expanding the exchange’s market size in 2020-2021. Key offerings included Abu Dhabi Ports, Fertigllobe, ADNOC Drilling, Alpha Dhabi, Multiply Group, and Borouge⁹³
- **Strategic Exchange Initiatives:** The ‘ADX One’ strategy comprised of 22 projects, launched in 2021, aimed to enhance liquidity through listing incentives, trading fee reductions, and the introduction of innovative products such as a derivatives market and co-branded FTSE Russell indices, including the FTSE ADX Growth Market Index
- **Growth Market:** The launch and rebranding of the ADX Growth Market in 2022, previously known as Secondary Market, provided a dedicated platform for privately owned and early-growth companies, facilitating their capital market journey and enhancing liquidity. It allows companies to access investor base by directly listing shares on the exchange without the need for an IPO⁹⁴
- **Foreign and Institutional Investment:** Net foreign investment inflows reached USD 6.53 bln (AED 24 bln) in 2022, while institutional inflows added USD 2.18 bln (AED 8 bln), reflecting strong confidence from both domestic and international investors⁹⁵
- **Market Performance and Trading Activity:** The FTSE ADX General Index rose over 20% in 2022, one of the strongest regional performances, supported by increased trading volumes and total trading values of USD 122.7 bln (AED 451 bln). Sustained momentum continued into 2024, with ADX trading over 90 bln shares in more than 4.655 mln transactions

Overall, the combination of targeted policy initiatives, robust IPO activity, foreign and institutional participation, and improved market mechanisms has driven ADX’s market capitalization to historic levels, solidifying Abu Dhabi’s position as a leading investment hub in the Gulf region.

Key features of the equity market:

Figure 50
ADX Market Capitalisation, bln USD

Market capitalization figures underscore this constraint. Total equity market capitalization remains low in absolute terms and as a share of GDP, reflecting both the small number of listed companies and limited public ownership. Many listed entities are legacy listings with little ongoing investor engagement.



⁹² UAE stock markets post AED257 bn market cap growth driven by strong economy – WAM, 2024
⁹³ ADX unveils rebranded Growth Market to encourage private sector listings - Emirates News Agency – WAM, 2022
⁹⁴ ADX gained over 20%, DFM 4.4% in 2022: CBUAE’s Financial Stability Report - Emirates News Agency – WAM, 2023

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

DEBT MARKET OVERVIEW

5.3.4

Abu Dhabi’s debt capital markets are dominated by sovereign and quasi-sovereign issuers.

Verified issuers on ADX for bonds, sukuk, and notes include⁹⁶:

- Abu Dhabi Government
- Abu Dhabi Developmental Holding Company (ADQ)
- Aldar Investments
- Aldar Properties
- Etisalat Group
- First Abu Dhabi Bank (FAB)
- Masdar (Abu Dhabi Future Energy Company)
- Mubadala Development Company (MDGH)
- TAQA (Abu Dhabi National Energy Company)
- ADNOC Distribution (Abu Dhabi National Oil Company)

This mix indicates a high-quality issuer base, dominated by entities with strong government links, which is typical for GCC markets and contributes to high investor confidence and stable demand.

A key development in 2024 was the listing of USD 5 bln (AED 18.35 bln) in Abu Dhabi Government bonds on ADX, issued in three tranches⁹⁷:

USD 1.75 bln (AED 6.42 bln) at 4.875% maturing in 2029

USD 1.5 bln (AED 5.5 bln) at 5.0% maturing in 2034

USD 1.75 bln (AED 6.42 bln) at 5.5% maturing in 2054

This sizeable sovereign issuance signals strong investor confidence in Abu Dhabi’s credit strength and supports the continued deepening of its capital markets. By issuing across medium- and long-term maturities, Abu Dhabi further develops its sovereign yield curve, providing essential benchmarks for pricing corporate issuances and enabling more sophisticated

duration management for investors. The inclusion of a 30-year tranche demonstrates the market’s capacity to absorb long-duration instruments, an indicator of growing depth and maturity. Overall, these listings reinforce ADX’s strategic focus on expanding its fixed-income platform and diversifying available asset classes as part of the broader market-development agenda.

⁹⁶ ADX.ae

⁹⁷ ADX lists \$5 billion bonds issued by Abu Dhabi Government - Emirates News Agency – WAM, 2024

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

CASE STUDY: THE ROLE OF VENTURE CAPITAL IN ABU DHABI'S CAPITAL MARKET DEVELOPMENT AND IMPLICATIONS FOR KAZAKHSTAN

5.3.5

A well-functioning venture capital (VC) ecosystem is closely linked to the broader capital markets of an economy. VC investors typically fund technology companies at early stages with a view to eventual exit - most commonly through strategic sales, secondary transactions, or public listings. IPO pathways that are limited or not well-suited to scaling technology firms can lengthen holding periods, slow down capital recycling, and incentives to fund high-growth companies can weaken. In this sense, the maturity and depth of the capital market infrastructure materially influences the scale and sustainability of a country's VC ecosystem.

Kazakhstan offers a relevant context for applying these observations. The startup and VC landscape is expanding and becoming more internationally oriented, yet the ecosystem remains highly sensitive to the availability of credible late-stage financing and scalable exit pathways. As long as exits are predominantly private and public-market routes remain limited for growth-stage technology firms, capital recycling can slow and the ecosystem may struggle to sustain momentum beyond early-stage activity. In this context, Abu Dhabi provides a practical reference point for Kazakhstan, showing how capital-market depth, listing architecture, and post-listing liquidity conditions can shape whether IPOs are a viable exit route for growth companies.

During a roundtable discussion involving Abu Dhabi Global Market (ADGM), London Stock Exchange Group (LSEG), and Shorooq Partners, participants conducted a self-assessment of the regional capital-markets ecosystem. Abu Dhabi, and the wider MENA region, is a rapidly growing but structurally constrained venture capital ecosystem⁹⁸. While startups in the region raised approximately USD 11 bln (AED 40.37 bln) over the past four years, fewer than 7.5% achieved an exit, and around 98% of exits occurred through private sales, primarily mergers and acquisitions rather than public listings. IPOs are considered to be lengthy and complex for start-ups.

⁹⁸ Capital Markets as a viable path for exits in MENA – Shorooq, London stock exchange, ADGM, 2024

These findings point to a clear trajectory: if liquidity improves and listing regulations are streamlined, regional public markets could strengthen IPO viability for growth-stage companies, drawing on relevant lessons from the UK's Alternative Investment Market (AIM). Building on this self-assessment, participants outlined recommendations where proactive action could materially improve IPO viability as an exit route:

- 1 **Post-IPO liquidity mechanisms**, including secondary offerings and demand-supply support, rather than focusing solely on primary capital raising at listing.
- 2 **Regulatory flexibility**, particularly reducing or exempting profitability requirements for high-growth technology companies.
- 3 **Use international exchanges as complementary listing venues**, enabling MENA companies to access larger capital pools while maintaining regional ties.
- 4 **Continued investor education on technology IPOs** to build confidence and broaden local participation.
- 5 **State-backed funds of funds**, aimed at strengthening the pipeline of IPO-ready companies by supporting later-stage growth and scaling.

Based on this self-assessment, identified the following structural challenges affecting IPO viability in the UAE and the wider MENA region:

- 1 **First, liquidity constraints are identified as the core structural challenge.** Market participants noted that regional public markets are not yet deep or liquid enough to absorb technology IPOs at scale, limiting early investors' ability to monetize holdings and recycle capital back into the startup ecosystem.
- 2 **Second, IPO eligibility criteria in the UAE are often challenging for growth-stage companies.** Market participants highlighted profitability-related thresholds - including requirements for a two-year profitability track record in some venues and operating-profit thresholds (such as operating profits equivalent to 10% of capital). These parameters are less common for venture-backed firms and can make a domestic IPO a less straightforward option at the scale-up stage.
- 3 **Third, regional market fragmentation complicates the IPO decision process.** Differences in regulatory frameworks, listing rules, and market practices across MENA exchanges increase execution risk and reduce the attractiveness of regional public markets compared to private exits.

Shifting focus to Kazakhstan, the startup and VC ecosystem is expanding, with early-stage activity rising and a growing share of companies pursuing regional or global go-to-market strategies.

Recent indicators include⁹⁹:

<p>1,000+ active startups - suggesting a broadening pipeline beyond a small number of flagship companies</p>	<p>50+ investors - reflecting a gradually deepening local funding base, alongside selective participation by international funds</p>	<p>USD 71 mln (AED 260.57 mln) in VC funding in 2024 - still modest in absolute terms, but meaningful for ecosystem momentum and follow-on needs</p>	<p>Rising internationalization of local startups - with greater emphasis on cross-border customer acquisition, partnerships, and investor outreach</p>
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⁹⁹ Venture Capital in Central Asia, 2nd edition – RISE Research, 2024

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

5.3.5

This trajectory strengthens the case for capital-market pathways that can support scaling companies as their financing needs expand from early-stage rounds to larger, later-stage requirements.

However, the transition from early-stage momentum to late-stage capital recycling continues to be shaped by structural limitations in exit pathways¹⁰⁰:

M&A and partial stake sales remain the dominant exits

Local IPO routes are limited

Public markets are not yet positioned as natural exit destinations for VC-backed firms

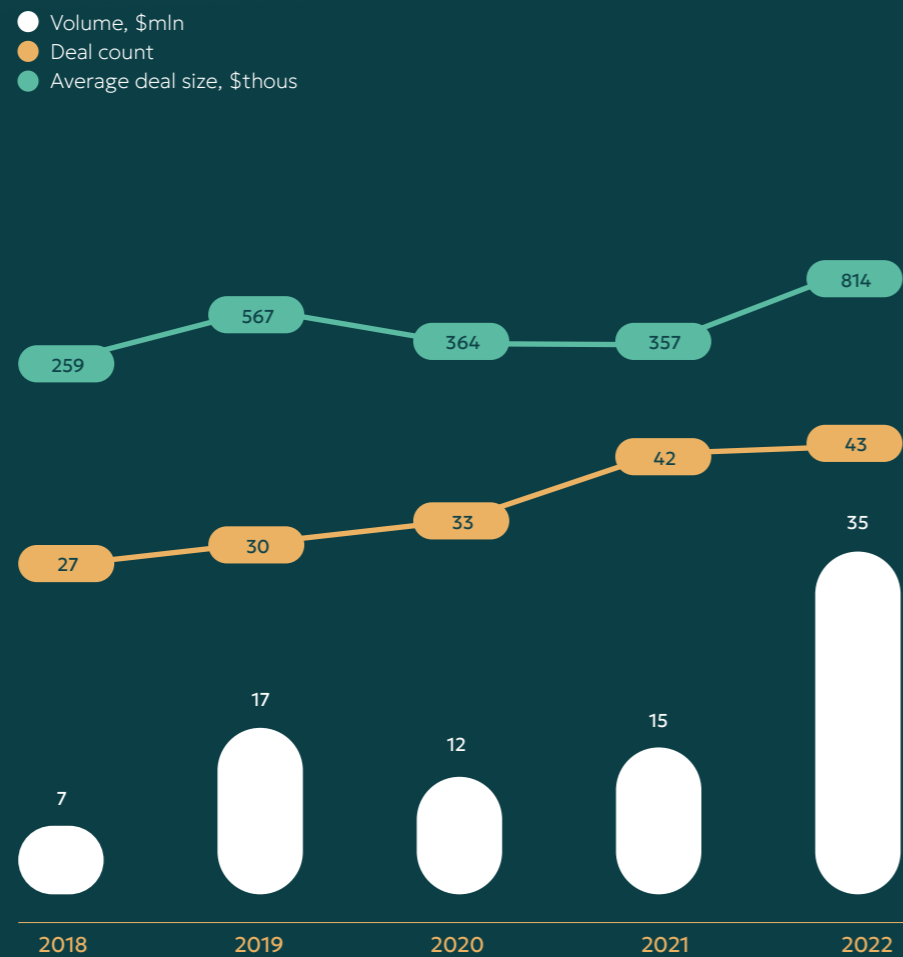
¹⁰⁰ Venture Capital Market Overview in Kazakhstan – Most, 2023

Figure 51

Source: MOST - Venture Capital Market Overview in Kazakhstan, 2023

The annual amount and number of observable VC Deals, 2018-2022

Institutional constraints are visible in the funding and deal-pattern data. Over 2018–2022, Kazakhstan-based startups attracted roughly USD 87 mln (AED 319.3 mln) across 175 VC deals, with annual volumes rising from about USD 7 mln (AED 25.7 mln) (2018) to about USD 35 mln (AED 128.45 mln) (2022), while annual deal counts increased from 27 to 43, indicating widening early-stage activity but still modest scale in absolute terms¹⁰¹.



¹⁰¹ Venture Capital Market Overview in Kazakhstan – Most, 2023

Figure 52

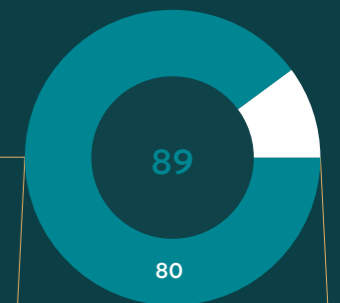
Source: Venture Capital in Central Asia, 2024

Venture capital funding per country, mln USD

More recently, venture funding in Kazakhstan reached USD 71 mln (AED 260.57 mln) in 2024, making it the largest VC market in Central Asia in that year. Region-wide VC funding across four Central Asian countries was reported at approximately USD 95 mln (AED 348.65 mln) in 2024, up from about USD 89 mln (AED 326.63 mln) in 2023, suggesting an accelerating pipeline of venture-backed companies that will eventually require credible late-stage financing and exit routes¹⁰².

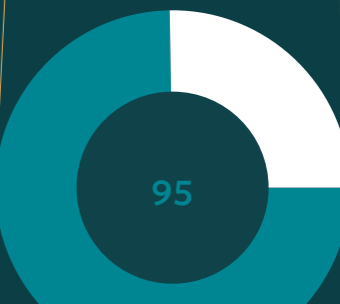
● in Kazakhstan

Total in Central Asia – 89



2023

Total in Central Asia – 95



2024

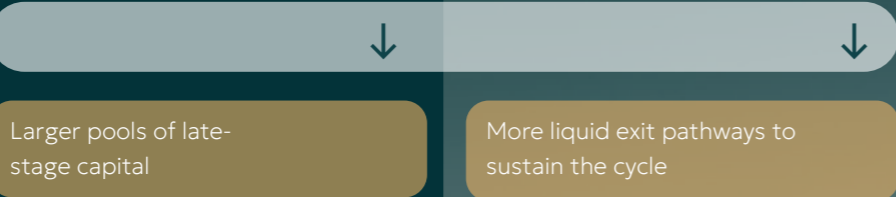
¹⁰² Venture Capital in Central Asia, 2nd edition – RISE Research, 2024

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

5.3.5

This “booming-but-early” profile creates a direct parallel to the MENA constraint: if most exits remain private and IPO routes stay structurally narrow, **capital recycling may slow, potentially limiting the ecosystem’s ability to sustain growth-stage scaling.**

The observed rise in deal volumes and funding implies a growing stock of companies that will need either:



Against this backdrop, Abu Dhabi offers a practical benchmark. Its experience provides structural insights relevant to Kazakhstan’s ongoing capital-markets development:



Abu Dhabi’s experience is useful because it frames listings as a full lifecycle rather than a one-off event - spanning innovation policy, private financing, listing pathways for growth issuers, and the conditions that support secondary-market trading after listing. For Kazakhstan, the implication is to strengthen an end-to-end pathway for technology startups in which venture formation, late-stage funding, and public-market readiness reinforce each other, supporting capital recycling and a more durable growth cycle.

These parallels do not imply that Kazakhstan should replicate Abu Dhabi’s model - rather, they highlight where market architecture, regulatory design, and ecosystem coordination can shape the long-term relationship between venture capital and public markets.



POLAND

5.4

Poland's capital market development is closely tied to its post-transition economic reforms of the 1990s and subsequent integration into the European Union.



GDP

917.8 (USD Billion)

MARKET CAP

197.4 (USD Billion)

INTERESTING FACT

Kazakhstan and Poland display broadly comparable market capitalisation-to-GDP ratios, both at around ~22% in 2024 (Poland ~21.5%, Kazakhstan ~22%)

~22%

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

HISTORICAL AND MACROECONOMIC CONTEXT

5.4.1

Poland’s capital market development is closely tied to its post-transition economic reforms of the 1990s and subsequent integration into the European Union. The establishment of the **Warsaw Stock Exchange (WSE)** in 1991 marked a cornerstone of Poland’s shift toward a market-based financial system, providing a formal platform for privatization, capital formation, and investor participation.

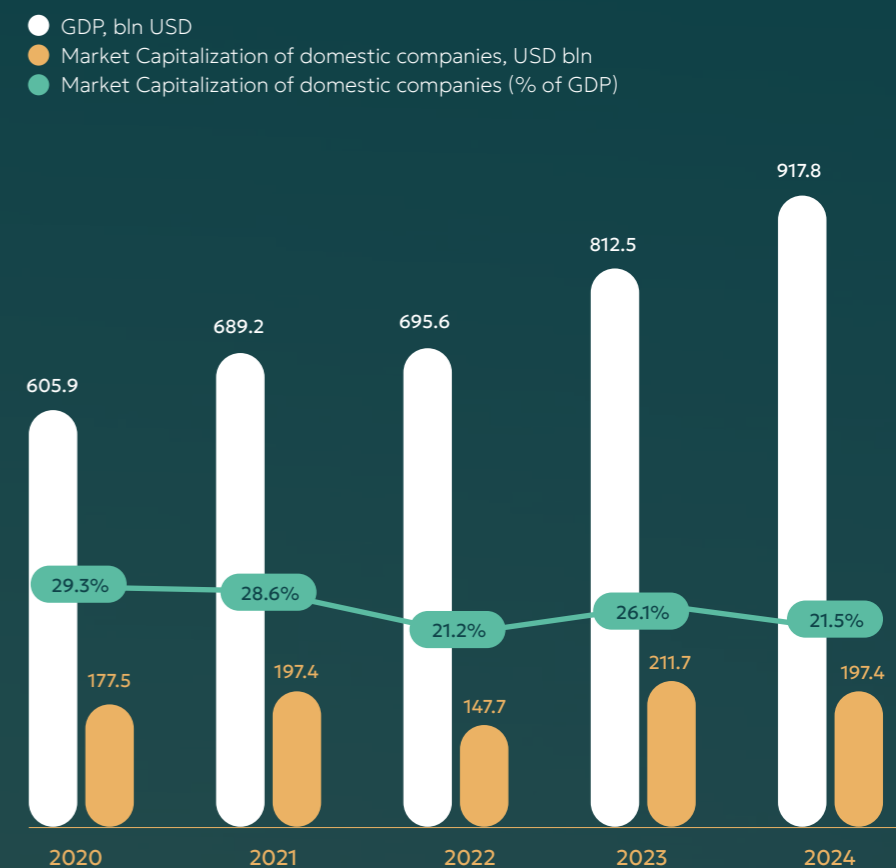
Following EU accession in 2004, Poland accelerated regulatory convergence with EU financial standards, including the adoption of EU capital-markets directives (MiFID, Prospectus Regulation, Market Abuse Regulation). These reforms strengthened investor protection, improved disclosure standards, and enhanced market transparency, contributing to the steady institutionalization of the domestic capital market.

Macroeconomically, Poland has been one of the most resilient and consistently growing economies in Central and Eastern Europe. Over the past two decades, GDP growth has been supported by a diversified economic base, strong manufacturing exports, EU structural funds, and a large domestic consumer market. While inflation and monetary tightening pressures intensified across Europe in 2022–2023, Poland’s capital market infrastructure remained operationally stable, supported by prudent banking regulation and a well-capitalized financial sector.

Figure 53

Poland nominal GDP and market capitalization, bln USD

World Bank data show that Poland’s nominal GDP increased from approximately USD 606 bln in 2020 to over USD 918 bln by 2024, reflecting sustained industrialization, export growth, and rising domestic consumption¹⁰³.



A distinctive feature of Poland’s market development has been the historically strong role of domestic institutional investors, particularly pension and investment funds, which have provided a stable demand base for equities and government securities. While pension-system reforms have reshaped long-term savings flows over time, institutional participation continues to underpin market liquidity and depth.

Overall, Poland’s capital market evolution reflects a gradual, institution-led trajectory, moving from privatization-driven listings in the 1990s toward a mature, EU-aligned market supporting both corporate financing and sovereign debt management.

¹⁰³ GDP Poland, World Bank (2025)

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

EQUITY MARKET OVERVIEW

5.4.2

Poland's modern equity market was established as part of the country's systemic transition following the collapse of the centrally planned economy in 1989. The Warsaw Stock Exchange (WSE, GPW) was founded in 1991 as a joint-stock company of the State Treasury, following the adoption of a new legal framework governing public securities trading. From inception, the exchange was designed using modern foreign capital-market models and organisational solutions, aligning Poland's capital-market infrastructure with international standards rather than legacy domestic models¹⁰⁴.

A key milestone in Poland's market integration was achieved in 2017, when FTSE Russell announced Poland's reclassification from Emerging Market to Developed Market status, effective in 2018. This upgrade reflected the maturity of the regulatory framework, market accessibility, and settlement infrastructure, and positioned Poland as the first Central and Eastern European economy to reach Developed Market classification¹⁰⁵.

¹⁰⁴ GPW.PL

¹⁰⁵ Poland promoted to Developed Market status

Today, the WSE operates 2 platforms:



- a regulated market - Main Market¹⁰⁶

- an alternative trading system - NewConnect¹⁰⁷

supplemented by GlobalConnect, a separate segment providing access to foreign-listed equities.

The **Main Market** operates as a **regulated market under EU law** and represents the core of Poland's public equity system. It is the primary venue for companies of large and medium size and serves as the reference market for domestic equity indices and institutional investment mandates.

¹⁰⁶ GPW Main Market

¹⁰⁷ GPW NewConnect

Figure 54

Main market, equity issuers

As of **Q3 2025**, the Main Market listed **402 equity issuers**, comprising **384 domestic** and **18 foreign companies**. While foreign issuers account for a relatively small share of the total number of listings, they represent a substantial portion of market capitalisation. Total Main Market equity capitalisation reached approximately USD 443.9 bln (PLN 2.23 trln), with foreign companies accounting for over USD 239.9 bln (PLN 1.2 trln), compared with around USD 203.9 bln (PLN 1.0 trln) for domestic issuers¹⁰⁸.

Source: GPW.PL

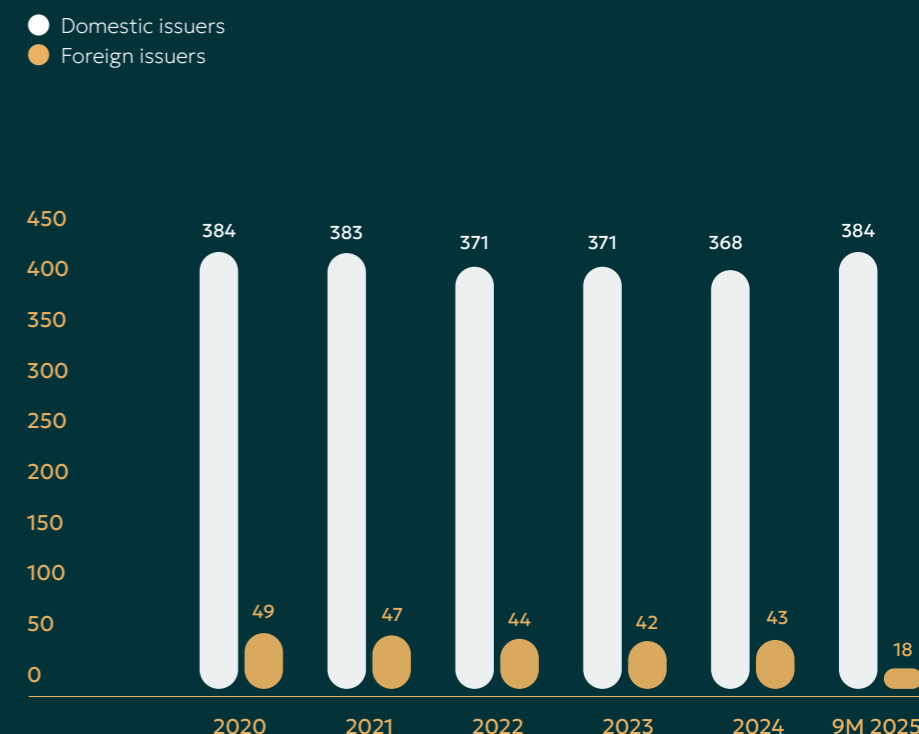
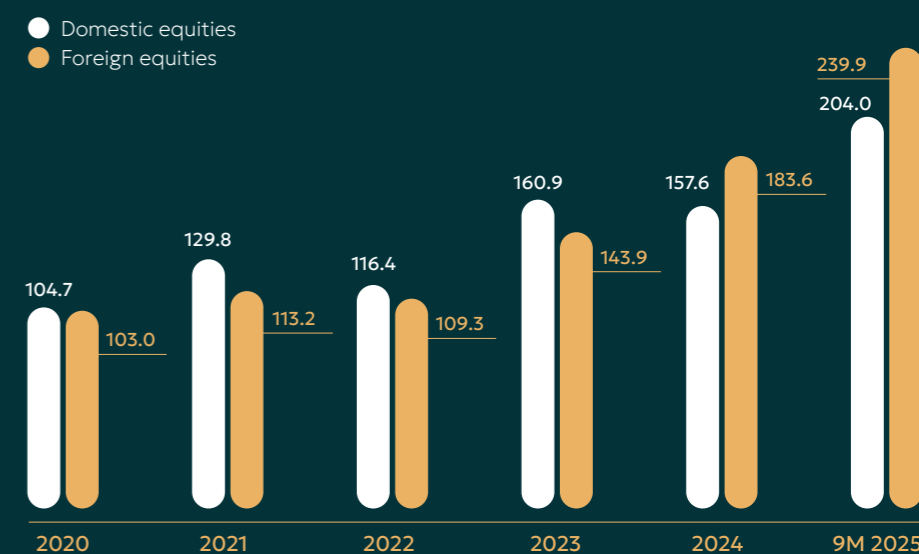


Figure 55

Market Capitalization, Main Market, mIn USD

This structure highlights a key feature of the Polish equity market: **market depth and value are highly concentrated**, with a limited number of large - often foreign-domiciled or internationally active - issuers accounting for a disproportionate share of capitalisation and trading activity. In contrast, domestic issuers dominate by count but are, on average, materially smaller in size.

Source: GPW.PL



¹⁰⁸ WSE Statistic Bulletin, 2020

¹⁰⁸ WSE Statistic Bulletin, 2021

¹⁰⁸ WSE Statistic Bulletin, 2022

¹⁰⁸ WSE Statistic Bulletin, 2023

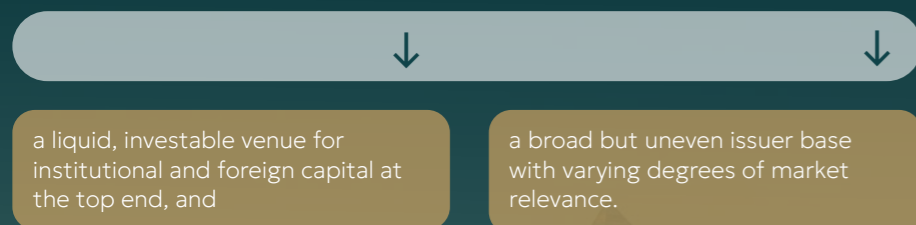
¹⁰⁸ WSE Statistic Bulletin, 2024

¹⁰⁸ WSE Statistic Bulletin, Q3 2025

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

5.4.2

This asymmetry is consistent with turnover patterns observed on the WSE, where liquidity is concentrated in a narrow group of large-capitalisation stocks listed on the Main Market, while a significant share of smaller domestic issuers exhibit limited secondary-market activity. As a result, the Main Market functions simultaneously as:



NewConnect was launched in 2007 as an alternative trading system (ATS/MTF) operated by the WSE outside the regulated market. It was designed to provide equity financing for young, dynamic companies with high growth potential, particularly in innovation-driven and intangible-asset-based sectors. Admission and disclosure requirements are intentionally lighter than on the Main Market, reducing listing costs and regulatory burden.

Figure 56

New Connect, equity issuers

In terms of issuer structure, NewConnect is comparable to the Main Market by number of listings, but not by economic scale. As of Q3 2025, NewConnect hosted 355 issuers, of which 354 were domestic and only one was foreign. This contrasts sharply with the Main Market’s mixed domestic–foreign capitalisation profile¹⁰⁹.



¹⁰⁹ NewConnect Statistic Bulletin, 2020
¹⁰⁹ NewConnect Statistic Bulletin, 2021

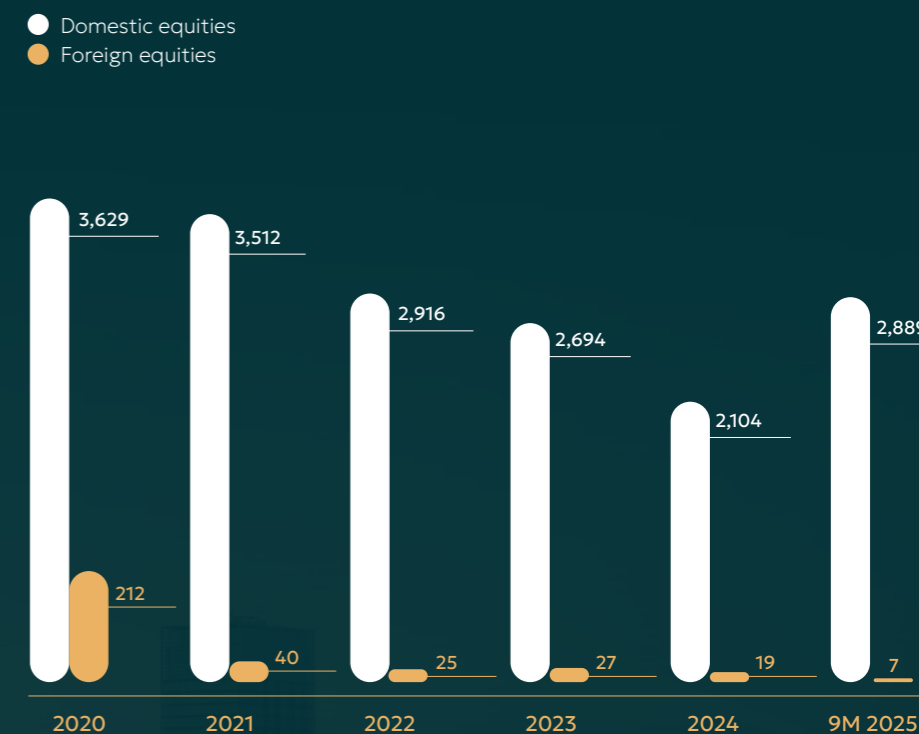
¹⁰⁹ NewConnect Statistic Bulletin, 2022
¹⁰⁹ NewConnect Statistic Bulletin, 2023

¹⁰⁹ NewConnect Statistic Bulletin, 2024
¹⁰⁹ NewConnect Statistic Bulletin, Q3 2025

Figure 57

Market Capitalization NewConnect, mln USD

Despite its large issuer count, NewConnect’s total market capitalisation stood at approximately USD 2.89 bln (PLN 14.5 bln) in Q3 2025—less than 1% of the Main Market’s capitalisation. The average NewConnect issuer is therefore several orders of magnitude smaller than its Main Market counterpart.



Source: GPW.PL

This divergence is also reflected in turnover dynamics. While NewConnect plays an important role as an entry-level public market and visibility platform for SMEs and tech companies, its market liquidity remains limited. Trading activity is fragmented across many small issuers, and NewConnect does not function as a significant liquidity pool at the system level. Instead, it operates primarily as a developmental and transitional segment, allowing companies eventually graduate to the Main Market once scale, governance, and investor demand are met.

Taken together, the data illustrate a clear separation between Poland’s two domestic equity venues:

the Main Market concentrates capitalisation, liquidity, and institutional relevance, while the issuer count has remained relatively stable, with only minor fluctuations

NewConnect concentrates issuer breadth and early-stage equity access, but remains economically small and secondary in terms of market depth

This structure underpins Poland’s equity-market profile as a Developed Market with strong institutional foundations. It also highlights an ongoing structural challenge: a wide base of listed companies coexisting with a narrow concentration of liquidity and investable scale.

5. COMPARATIVE ANALYSIS: VIET NAM, UAE AND POLAND

DEBT MARKET OVERVIEW

5.4.3

Poland’s domestic debt market is structurally dominated by Treasury securities, with organized trading divided between:

- Catalyst - the unified market brand for non-Treasury debt (corporate and municipal) and some Treasury bonds, featuring segments for both retail and wholesale investors
- Treasury BondSpot Poland (TBSP) - the dedicated wholesale market for institutional trading of Treasury bonds and bills

Measured by listed non-Treasury debt on Catalyst, the market is sizeable but far smaller than the sovereign segment. In November 2025, GPW reported the value of listed issues on Catalyst (corporate, municipal and mortgage bonds) at PLN 152.5 bln (EUR 36.0 bln)¹¹⁰. By comparison, State Treasury debt

stood at about PLN 1,908.8 bln (EUR 450.3 bln) at end November 2025, including domestic debt of about PLN 1,528.2 bln (EUR 360.5 bln) and foreign debt of about PLN 380.6 bln (EUR 89.8 bln)¹¹¹.

Liquidity patterns reinforce this split. In November 2025, TBSP

turnover reached EUR 4.43 bln (PLN 18.8 bln) in the cash segment and EUR 23.63 bln (PLN 100.2 bln) in the conditional segment, for EUR 28.06 bln (PLN 118.9 bln) total. Over the same month, Catalyst electronic order book bond turnover was PLN 515.0 mln (EUR 121.5 mln).

¹¹⁰ GPW Markets – November 2025

¹¹¹ Ministry of Finance of the Republic of Poland

Key structural characteristics include:



Treasury securities account for most of the listed bond stock on Catalyst and most observed secondary-market turnover, with TBSP serving as the main institutional trading venue for sovereign instruments.

Corporate and municipal bonds are present and measurable on Catalyst but remain smaller in outstanding value than Treasury bonds, which shapes issuer diversification and secondary-market depth outside the sovereign segment.

Higher public borrowing needs since 2023 support sustained sovereign supply, reinforcing the role of the government curve as the main pricing reference point for local fixed-income risk premia.



CASE STUDY

5.4.4

Poland’s socio-economic background offers a relevant point of comparison for Kazakhstan. Both economies emerged from centrally planned systems, became regional leaders, and developed capital markets in environments where household savings have traditionally been conservative, favouring tangible assets such as real estate and bank deposits over market-based instruments. 53% of household savings in Poland are held in cash and bank deposits¹¹².

Additionally, Kazakhstan and Poland display broadly comparable market capitalisation-to-GDP ratios. Although Poland’s capital market is officially classified as a Developed Market, its market capitalisation relative to GDP has gradually declined over the past decade, from approximately 35% in 2014 to around 21.5% by the end of 2024. This trend indicates a reduced role of the capital market in financing Poland’s economic growth and suggests that equity-market metrics increasingly

capture only part of underlying economic activity¹¹³. Nonetheless, Poland continues to be classified as a Developed Market. Kazakhstan’s market capitalisation-to-GDP ratio stood at approximately 22% in 2024 and has remained broadly stable over the past five years, indicating that markets with a similar relative footprint in the economy can still exhibit institutional strength and developmental maturity, and that factors beyond scale alone are material in market classification and assessment.

Poland’s experience illustrates how such structural characteristics do not preclude capital-market development when institutional sequencing and market design are aligned with domestic realities. Looking comprehensively at Poland’s capital market development can help Kazakhstan to access its own position, evaluate what can be leveraged and what can be improved.

Poland’s upgrade to Developed Market status by FTSE Russell reflects the maturity of its capital-market framework, including regulatory quality, operational infrastructure, and market accessibility, rather than market scale alone. Within this broader context, Poland’s equity-market architecture is characterised by the coexistence of a regulated market with an alternative trading system operating under a distinct legal regime. While the legal design and scope of alternative trading systems vary across jurisdictions, they generally serve as entry venues with lighter admission and disclosure requirements for smaller and growth-oriented companies that are not yet positioned to access the regulated market. In Poland, NewConnect has functioned as such a venue, expanding the range of public-market financing options for smaller and innovation-driven firms, while the Main Market has continued to anchor institutional standards, liquidity, and market credibility.

This approach offers several relevant insights for Kazakhstan



Poland did not attempt to lower standards on its regulated market in pursuit of scale. Instead, it acknowledged the presence of growth-oriented companies with limited listing capacity but meaningful economic potential and created a separate venue tailored to their needs. This allowed capital-market participation to broaden without diluting regulatory quality or investor confidence at the core of the system.

By the time Poland was reclassified in 2017, the Main Market had already reached a level of operational maturity characterised by reliable trading and post-trade infrastructure, high disclosure and governance standards, and institutional-grade market practices. As Poland itself noted at the time, its capital market combined secure trading, advanced infrastructure, and strong corporate-governance standards, features that aligned with Developed Market expectations. The presence of NewConnect complemented this structure, but did not substitute for it.

For Kazakhstan, the lesson is not replication, but calibrated adaptation. Poland’s trajectory demonstrates the value of recognising domestic constraints, differentiating market functions, and “playing the cards that are given” through institutional design rather than forced convergence. A clear separation between a credibility-anchoring regulated market and a developmental growth segment can support broader participation, strengthen issuer pipelines, and reinforce long-term market readiness without compromising standards.

¹¹² Strategic development directions GPW Group 2025-2027

¹¹³ Strategic development directions GPW Group 2025-2027

ASTANA INTERNATIONAL FINANCIAL CENTRE

6

The AIFC functions as Kazakhstan’s bridge to global capital markets — a common-law jurisdiction within a civil-law country, providing international investors with familiar legal standards, BEPS-compliant tax treatment, and direct connectivity to global settlement infrastructure including Euroclear. The Solidcore redomiciliation case demonstrates that AIX can handle complex, large-scale cross-border transactions at institutional grade. Through Tabadul, the AIFC has extended this connectivity across six exchanges in the GCC and Central Asia. The AIFC is also Central Asia’s only operational venue for Sharia-compliant capital market instruments.

KEY FIGURES



4,000+

1 798 Companies
Involve foreign investors
(45% of all AIFC Participants)

OECD BEPS-compliant

One of the few frontier-market financial centres with this tax transparency designation

19.5%

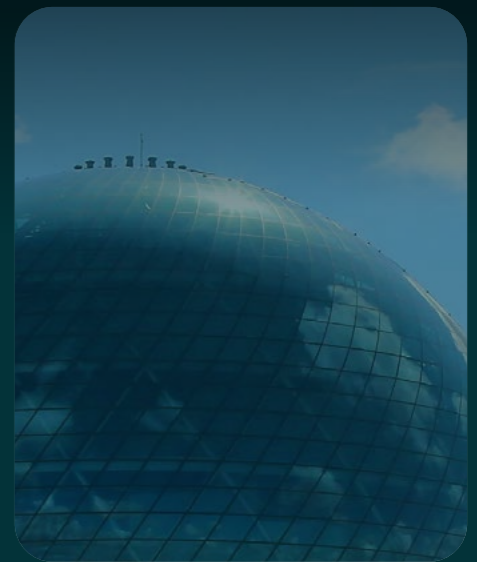
Share of Kazakhstan’s adult population who are practicing Muslims — the addressable market for Islamic finance

6 exchanges

Linked through the Tabadul Digital Exchange Hub across GCC and Central Asia

Aggregate bond listings on AIX

USD 7.5 bln



Of the world’s largest global custodians connected to AIX via Citi Kazakhstan

10

SUMMARY PARAGRAPH



6. ASTANA INTERNATIONAL FINANCIAL CENTRE

CASE STUDY: SOLIDCORE AND GLOBAL CUSTODY INTEGRATION AT AIX

6.1

Solidcore Resources plc (previously known as Polymetal International plc), one of the world’s leading precious-metals producers, until 2023 it was registered Jersey, maintained its primary listing on the London Stock Exchange, and had a free float of roughly 75%¹¹⁴. In 2019, it was listed on the Astana International Exchange (AIX)¹¹⁵. In August 2023 when Solidcore formally redomiciled from Jersey to the AIFC, cancelled its LSE listing, and designated the AIX Registrar as its new shareholder registry and AIX as its primary exchange¹¹⁶. Processing the migration of majority of its global free float and shareholder base from international markets into a frontier-market required robust post-trade infrastructure. Accordingly, the transaction depended on a

custody and settlement model capable of supporting cross-border migration at scale. AIX maintains parallel registrar and custodian channels with the AIX Registrar serving direct-registered domestic investors and the AIX CSD supporting global institutional investors via local and global custodians¹¹⁷. This structure aligns with common-law market practices and facilitates international settlement.

Global custodians provide investors with a single access point to dozens of markets by maintaining networks of sub-custodians (“agent banks”), which are the entities directly connected to local CSDs¹¹⁸. Securities often move through several layers of custodial intermediaries, but this structure is

what makes it possible for investors and issuers in different jurisdictions to transact safely within a harmonized global settlement framework. At the core of AIX post-trade architecture sits the AIX Central Securities Depository (AIX CSD), responsible for settlement, safekeeping, and registry services. Then there are sub-custodians (“agent banks”), who maintain omnibus/custody accounts for beneficial-owner clients, while global custodians manage high-level client relationships and cross-market servicing. In Kazakhstan’s case, Citi Kazakhstan became the primary tier-1 local sub-custodian, and its direct account with the AIX CSD enables major global custodians to access locally issued securities seamlessly through their existing reciprocal account relationships.

Figure 58
AIX Custodial Architecture

AIX CENTRAL SECURITIES DEPOSITORY (AIX CSD)

Top Layer - Core Infrastructure

Settlement

Final settlement of securities transactions

Safekeeping

Secure custody of securities

DIRECT ACCOUNT

SUB-CUSTODIANS (AGENT BANKS)

Middle Layer - Local Custody

Primary example

Citi Kazakhstan

Primary local custodian with direct account at AIX CSD

Function

Maintain omnibus/custody accounts

Clients

Beneficial owner accounts

Agent banks are directly connected to local CSDs and maintain custody accounts for beneficial owners

INVESTORS & ISSUERS

End Users - Different Jurisdictions

Global Investors

Access locally issued securities (e.g., Kazakhstan) through their global custodian

Local Issuers

Reach international investors through harmonized settlement framework

Safe Transactions

Transact safely across different jurisdictions within a harmonized global settlement framework

SEAMLESS ACCESS

GLOBAL CUSTODIANS

Connection Layer - Cross-Market Access

Network Management

Maintain networks of sub-custodians across dozens of markets

Client Services

High-level client relationships and cross-market servicing

Single Access Point

Provide investors with unified access to multiple jurisdictions through existing reciprocal account relationships

RECIPROCAL ACCOUNT RELATIONSHIPS

¹¹⁴ Polymetal International plc, Investor presentation, 2021

¹¹⁶ Polymetal International plc announcement, 2023

¹¹⁸ The Role of the Custody Industry - Association for Financial Markets in Europe, 2025

¹¹⁵ Polymetal becomes first foreign issuer to list on the Astana International Exchange, 2019

¹¹⁷ Aix.kz

6. ASTANA INTERNATIONAL FINANCIAL CENTRE

6.1

10 of the largest global custodians maintain a sub-account with Citi Kazakhstan.

By reducing operational friction and strengthening the conditions for sustained cross-border participation over time, AIX's integration with global custody and settlement chains provides a practical showcase of the platform's ability to accommodate large, sophisticated institutional investors at scale. In practical terms, this integration allows global asset managers to access and maintain positions via established custody and post-trade workflows. For example, prior to redomiciliation, BlackRock was among Solidcore's

largest institutional shareholders, and its ability to maintain exposure through global custody chains functioned as a proof-of-concept for whether AIX's infrastructure could support tier-one international investors. The successful routing of these holdings helped validate AIX's settlement model, materially reduced onboarding frictions for foreign asset managers, and reinforced comfort among major custodians and trading members.

Separately, in January 2022, AIX and Euroclear Bank launched an "Enhanced Settlement Service," officially enabling institutional investors to settle trades in Euroclearable securities admitted

to AIX directly via Euroclear accounts (or via their custodian's Euroclear account). While this service was not specific to Solidcore, it exemplifies the broader integration of AIX into global settlement rails, allowing multi-currency settlement and finality consistent with international market practice. This connectivity further enhanced the ability of global custodians and ICSDs to route holdings into AIX nominee/CSD accounts through existing reciprocal clearing chains, without requiring investors to establish separate Kazakhstan-specific custody entities.

The outcome was twofold:



First, an institutional-grade, globally interoperable post-trade architecture that meets the operational requirements of top-tier investors

Second, a demonstrated blueprint for executing complex cross-border listings and settlement, strengthening AIX's positioning as one of the most technically advanced venues in Central Asia

DEVELOPMENT OF SHARIA-COMPLIANT CAPITAL MARKETS IN KAZAKHSTAN

6.2

As outlined earlier, Kazakhstan’s capital market operates within two distinct legal and regulatory ecosystems: the statutory regime of the Republic of Kazakhstan, which governs KASE and institutions regulated under domestic law, and the AIFC’s common-law

framework, under which AIX and AIFC-licensed institutions operate. Islamic finance offers a particularly clear illustration of how differences in legal architecture can translate into meaningfully different market outcomes.

Under the Republic’s statutory framework, Islamic financial instruments are defined within a clearly delineated and well-structured set of provisions. For example, Article 32-2 of the Law on the Securities Market specifies three categories of Islamic securities.

Islamic securities shall include:

Stocks and shares of Islamic investing funds;

Islamic lease certificates;

Islamic certificates of participation;

Other securities recognized as Islamic securities in accordance with the legislation of the Republic of Kazakhstan.

In practice, however, this discretionary provision has been used only sparingly. Because eligibility hinges on explicit statutory classification of each instrument, and secondary guidance remains limited, Sharia-compliant issuance and listing activity on KASE has been intermittent. More complex structures - such as wakala, murabaha, mudaraba, musharaka, or ijara sukuk - do not always map cleanly onto the statutory categories, which can create interpretive uncertainty.

Within the AIFC, the common-law framework adopts a principles-based and flexible approach that draws on internationally recognized Islamic finance standards. Instruments qualify as Sharia-compliant based on structural adherence and Sharia board approval rather than a rigid statutory list. This structural flexibility enables a broader range of permissible Islamic financial products such as sukuk, Sharia-compliant funds, and other Sharia-compliant instruments and explains why Islamic issuances have arisen under AIX/AIFC rather than under national regulation¹¹⁹.

Recognizing these limitations, the government and the Agency for Regulation and Development of the Financial Market (ARDFM) are discussing reforms in the context of the new Banking Law¹²⁰. These reforms are critical because they address the structural barriers that have historically prevented the development of a functioning Islamic capital market under the national regime. The initiative is part of a broader modernization effort, as the current Banking Law was drafted nearly 30 years ago, before widespread digitalization and the introduction of modern market instruments and frameworks and has since undergone numerous amendments and add-ins. While Islamic finance is only one component of these reforms, it is a strategically important segment given the potential demand from Kazakhstan’s approximately 2.2 mln practicing Muslims or 19.5% out of the total population from the age of 18 up until 61 and above¹²¹.

Strategically, AIX has established a first-mover advantage in Central Asia by offering a functional venue for Islamic finance. Its common-law framework, Sharia-compliant

admission process, and integration with global settlement networks have enabled the development of an operational market for Islamic instruments. So far, AIX has listed its first Sharia-compliant ETNs (iX Islamic ETNs, June 2022) and cross-listed sukuk from international issuers (IsDB 2020, QIIB 2020), and more recently registered a domestic sukuk programme (Tayyab Finance, 2025) and debuted the first Kazakh-issued sukuk (Gamma-T, 2024). Beyond standalone listings, AIX’s inclusion in the Tabadul Digital Exchange Hub¹²² further strengthens its regional reach and enhances cross-border market access, positioning it as a viable hub for Islamic and conventional finance alike across Central Asia. These developments demonstrate how jurisdictional flexibility, combined with international governance and infrastructure, can convert regulatory potential into market reality and offer a credible platform for investors seeking Sharia-compliant exposure in a frontier-market context.

¹¹⁹ AIFC Islamic Finance Rules (IFR)

¹²⁰ The Digital Tenge, Islamic Finance and the Protection of Depositors: The New Banking Law Discussed in the Mazhilis.

¹²¹ Islamic Finance Country Report for Kazakhstan – Islamic Development Bank, AIFC, 2024

¹²² Astana International Exchange (AIX) joins the Tabadul Hub – AIX.kz

BEPS COMPLIANCE

The AIFC’s special tax regime is officially recognized by the OECD as compliant with global tax transparency standards under the Base Erosion and Profit Shifting (BEPS) Inclusive Framework.

This is enforced through the “Substantial Presence” rules, which require AIFC participants applying for tax exemptions (including Corporate Income Tax and Value Added Tax) to demonstrate

that they conduct core income-generating activities and maintain commensurate resources within the AIFC. This provides tax assurance and mitigates risks associated with harmful tax practices.

6.3

TABADUL CONNECTIVITY

6.4

AIX has officially joined the Tabadul Digital Exchange Hub in June 2023 under a strategic MoU. This Hub was launched by the Abu Dhabi Securities Exchange (ADX) in July 2022 and functions as the region’s first digital exchange service operating on a mutual market

access model. Tabadul creates a seamless, digital network for trading and settlement between participating exchanges, aimed specifically at strengthening regional cooperation and significantly enhancing liquidity across all connected markets.

Besides AIX and ADX, current participants in the Hub include also the Bahrain Bourse, the Muscat Stock Exchange, Armenia Stock Exchange and Kazakhstan Stock Exchange.

Operational Model and Strategic Impact: This integration replaces the complex bilateral process for cross-border trading with a unified structure built on a standardized API. This Hub establishes a mutual market access model that serves three primary functions:

Operational Simplification

Reduced Regulatory Friction

Increased liquidity by enabling trading across the markets

The API directly links the trading and post-trade systems of all member exchanges, eliminating the need for brokerage firms to establish customs, fragmented connections and maintain separate settlement accounts in every foreign market. The unified structure is critical as it allows brokers licensed in one jurisdiction (e.g., AIFC) to execute orders on partner exchanges (e.g., ADX) based on the acceptance of their existing home-market regulatory authorization, thereby bypassing the necessity for a full, separate licensing process in the foreign market.

Connectivity and Flow: This established connectivity allows investors, once registered with a local broker who meets the receiving exchange’s requirements, to gain direct investment exposure. The initial operational phase grants ADX members access to AIX securities that are denominated in U.S. Dollars. For example, Freedom Finance Global (Kazakhstan) has been accepted as a Tabadul Hub broker, while BHM Capital (Dubai, UAE) has been accepted as a trading member of the AIX. Operationally, this mechanism ensures a continuous, institutional inflow

of order flow from established Gulf Cooperation Council (GCC) capital into AIX-listed securities, while simultaneously granting AIFC participants immediate, cost-effective diversification into high-value GCC equities. This integrated, single-point access accelerates the depth, sophistication, and price discovery mechanisms within the AIX trading environment. It should be noted that, within the Tabadul arrangement, AIX Trading Members are eligible for a simplified onboarding process and reduced fee structure, including membership fees and AFSA recognition fees.

RECOGNISED NON-AIFC STATUS (RNAM/RNAMI)

6.5

This regulatory designation is central to the AIFC’s ability to integrate with the global financial system without compromising governance standards. The framework provides two categories of recognition: Recognised Non-AIFC Market Institutions (RNAMI) for foreign exchanges or clearing houses, and Recognised Non-AIFC Members (RNAM) for licensed firms to trade on or use the facilities of an exchange or clearing house and regulated to a standard acceptable to the AFSA.

Recognised Non-AIFC Market Institutions (RNAMI) - a Person which operates an investment exchange or clearing house from a place of business in a jurisdiction other than the AIFC may apply to AFSA for an order declaring it to be a Recognised Non-AIFC Investment Exchange or Recognised Non-AIFC Clearing House as appropriate.

Recognised Non-AIFC Member (RNAM) - a Person located in a jurisdiction other than the AIFC may apply to AFSA for an order declaring it to be a Recognised Non-AIFC Member (“RNAM”).

This status grants reputable non-AIFC entities direct access to the AIX/AIFC market and participants without requiring full, costly local licensing. AFSA maintains rigorous control through continuous Supervisory Measures over these RNAMs, including:

Market Surveillance: Continuous monitoring of trades to proactively identify and prevent market abuse (inside dealing and market manipulation);

Supervision: provision of annual reports;

Continuing obligations: Mandatory, timely reporting of any change in licensing, disciplinary action taken by a home regulator, or operational events that could impact their ability to meet AIFC recognition requirements.

International broker-dealers who are already licensed in other recognized jurisdictions can obtain the status of a Recognized Non-AIFC Member (RNAM) . This status grants them remote trading access to AIX without the necessity of establishing a physical presence or undergoing a full AFSA licensing process within the AIFC, making it fast and efficient for internationally licensed firms to commence trading activities.

CAPITAL MARKETS IN KAZAKHSTAN, UZBEKISTAN, KYRGYZSTAN, AND AZERBAIJAN: PROSPECTS AND TRENDS

The Astana International Financial Centre (AIFC) is the #1 Financial Centre in Eastern Europe and Central Asian Region, and a dynamic hub for innovation and growth

World-class regulation, special tax regime,
independent judicial system

We help businesses thrive in an environment that helps them attract capital in an enabling environment with regulation based on the best international standards, robust financial framework and an independent judicial system

