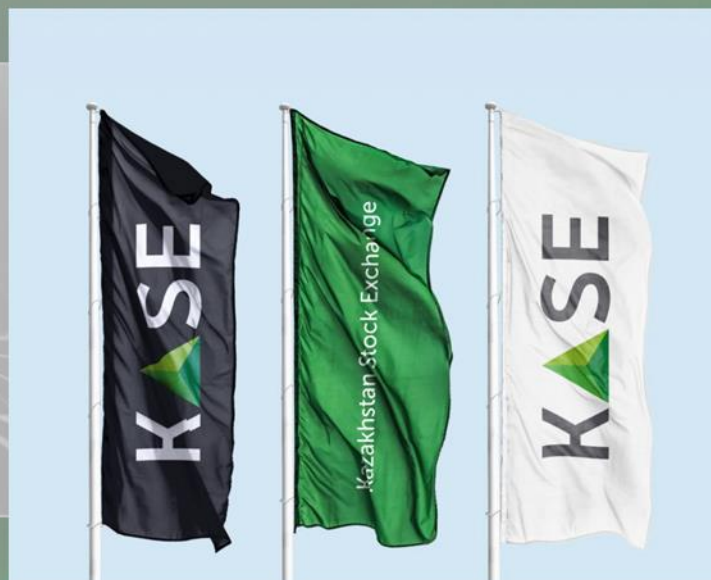


KASE Update on Market Development

1st half of 2020

Presentation for SSE & SICCCCE Virtual Meeting on New Reality:
How Stock Exchanges Make Space for Growth?

July 23, 2020



Contents

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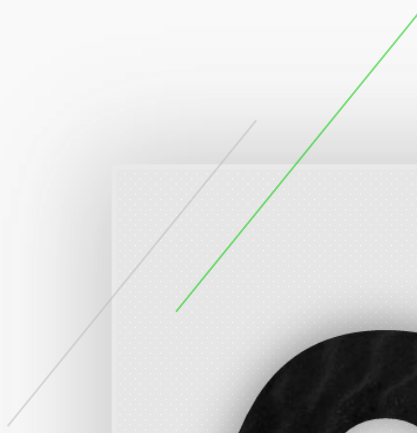
COVID-19 in Kazakhstan

macro overview | impact on stock markets | operation schedule

02

Markets Overview

market trends



01

**COVID-19 in
Kazakhstan**



COVID-19 Impact on Kazakh Market

COVID-19 Timeframe in Kazakhstan:

- **In Kazakhstan State of emergency and lockdown to contain spread of COVID-19 announced on March 19 – May 11, 2020. Currently the second lockdown period is since July 5, 2020.**
- Restricted business hours, trading & settlement, staff working remotely.

External Factors:

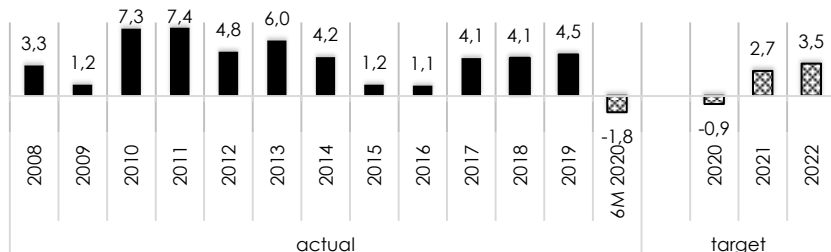
- Sharp decline in international stock exchange markets (S&P 500 by 12,0% intraday in March).
- Sharp decline in oil price (by 24,1 % intraday in March and by 24,4 % intraday in April).

Internal Factors:

- Kazakhstan **GDP** fell by - **1.8%** in the 1st half of 2020.
- **The National Bank's base rate** is increased to **12%** and then reduced to **9.5%**. Currently is further reduced to **9%**.
- **USD/KZT** market volatility in March 2020 (tenge weakened against US dollar **by 17.6%** in March **and by 5.9%** in the 1H 2020).
- Moderate drop in **KASE Shares Index** (**+ 0.1%** in March, - **0.9%** in the 1H 2020).
- **KASE Total Market Turnover** fell only by - **1.3%** based on results of 1H 2020.

Economic Consequences for Kazakhstan's Economy

Real GDP Dynamics of Kazakhstan



Source: Statistics Committee of Ministry of National Economy of the Republic of Kazakhstan, Ministry of National Economy of the Republic of Kazakhstan

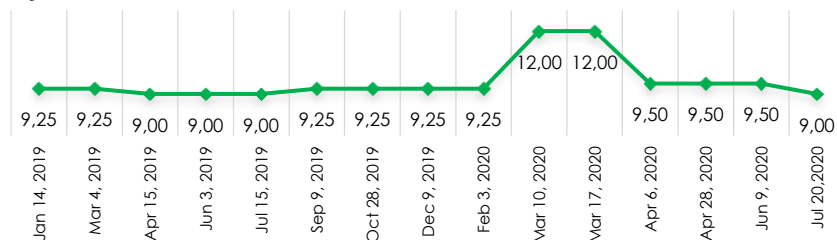


GDP

Similar to other global economies which suffered from GDP slump due to the pandemic, economic growth in Kazakhstan fell by 1.8% in 1H 2020 comparing to 1H 2019. Main decline in economic output was in Services sector.

According to the IMF forecast, the decline in GDP in Kazakhstan (in real terms) in 2020 will be (-2.7%) against GDP growth in 2019 amounting to 4.5%. The Government of Kazakhstan forecasts GDP decline in 2020 by 0.9%.

Dynamics of the National Bank's Base Rate



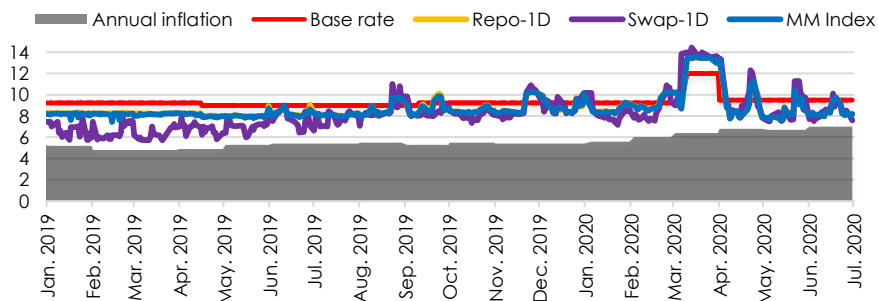
Source: National Bank of the Republic of Kazakhstan



Base Rate

An emergency increase of the base rate to 12% APR on 10th of March helped to prevent sharp depreciation of KZT. As the situation stabilised, the National Bank of Kazakhstan made a decision on April 3 to reduce the base rate to 9.5% APR with the interest range of +/- 2.0%. On July 20 the National Bank reduced the base rate to 9% with the interest range of +/- 1.5%. The decrease in the base rate is due to the weakening of pro-inflationary risks and stronger contraction in economic activity in the first half of 2020.

Inflation and Interest Rates



Source: National Bank of the Republic of Kazakhstan, KASE

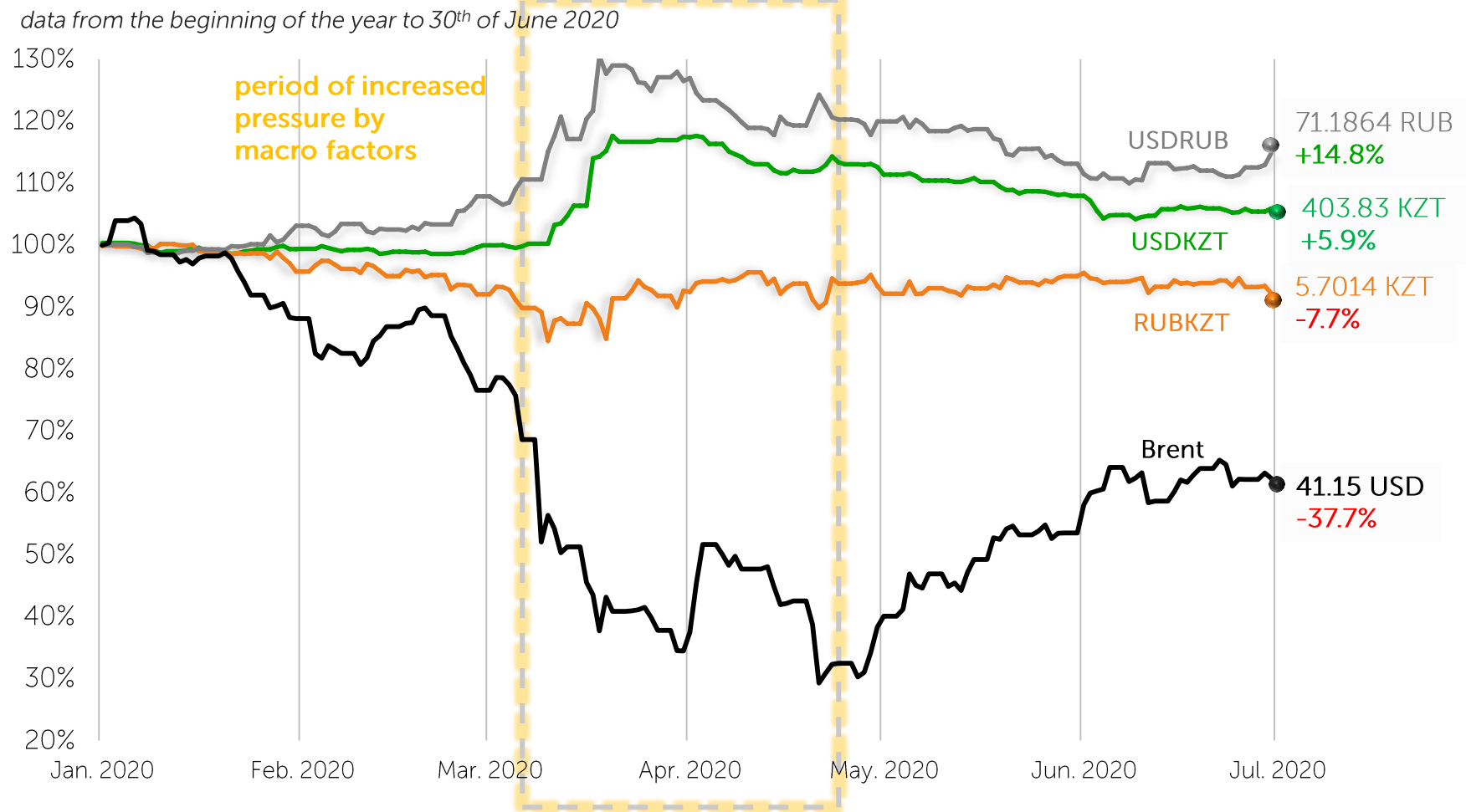


Money Market Rates

Increased volatility in USD/KZT in March contributed to forming TONIA rate near the upper end of the interest range. As demand for KZT liquidity declined, the money market rates decreased slightly below the base rate. At present the NBK rated for open market operations are within the range of 7.5% - 10.5%.

USD/KZT Performance

Tenge continued to demonstrate stability in the first months of 2020. Since the beginning of March, upward pressure on the exchange rate has been exerted by: a sharp decline in prices for benchmark oil brands, the introduction of an emergency in connection with the global pandemic, weakening currencies of countries of the main trading partners, increased demand for goods and accelerated inflation. Further, the recovery of oil contributed to the strengthening of the national currencies of the exporting countries.

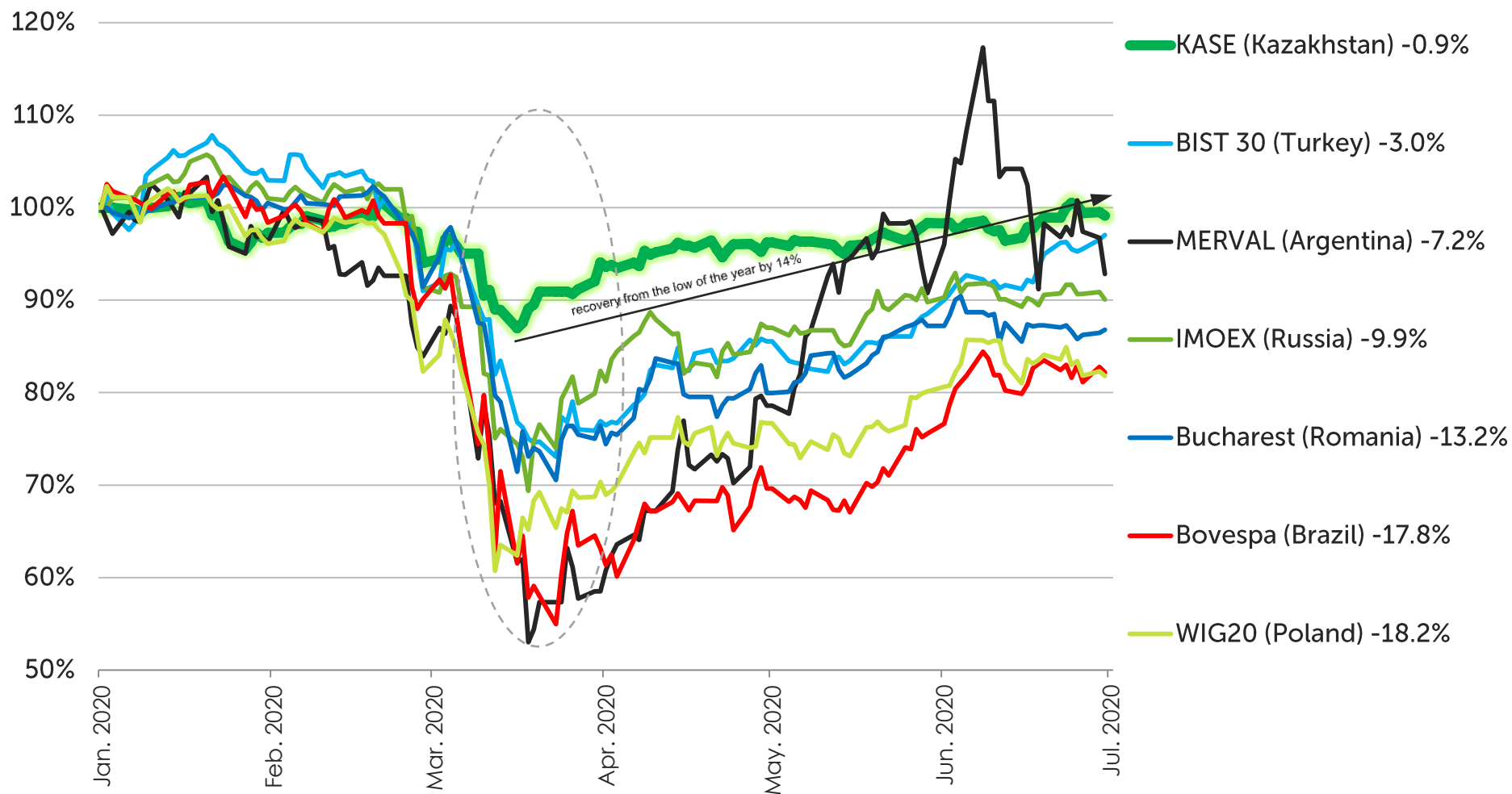


Note: trends are calculated based on the last trading day of the reporting quarter of the current year to the last trading day of the previous reporting year

Source: NBRK (USDKZT), Bloomberg (USDRUB, RUBKZT, Brent)

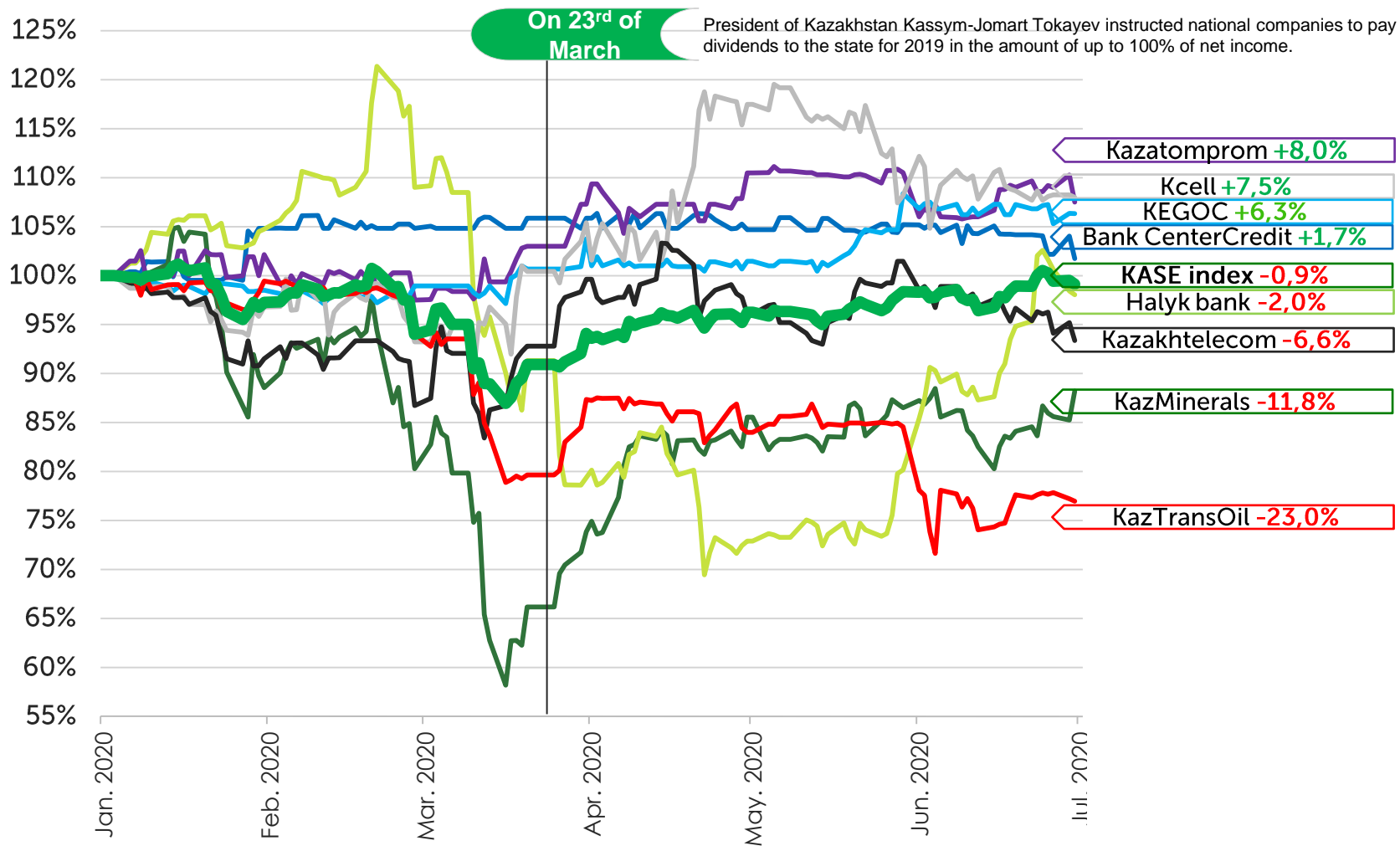
KASE Index and Emerging Markets Stock Indices

data from the beginning of the year to 30th of June 2020



Strong Recovery of Shares Supported by Dividend Payouts

data from the beginning of the year to 30th of June 2020



KASE Market: Reduced Trading and Settlement Hours

Due to the regulators' instructions KASE set up reduced hours for trading and settlement due to restricted business activities and lockdown during **March 30 - May 24, 2020 and since July 5, 2020.**

Market	Trading	Clearing*	Settlement	
			By Members	By KASE
FX (Spot, Swap)	10.15–15.00	15.00–15.30	15.30–16.15	16.15–17.00
Securities (Spot, Repo)	10.00–15.00	15.00–16.15	15.00–15.30	16.15–17.00

* CNYKZT_TOD clearing session is from 11.00 until 11.30.

KASE: Lifted Market and Reporting Requirements for Members & Issuers

Extended the deadlines for submission of periodic and other reporting:

- for the Exchange members;
 - for initiators of the admittance of listed securities;
 - for audit organisations on the List of Audit Organisations Recognized by KASE for the Inclusion of Issuers' Securities in the Official List.
- This extension of deadlines for submission of reporting and other information will be applied during the State of emergency in the Republic of Kazakhstan, as well as within 30 calendar days after.
 - The extension of the deadlines for submission annual reporting by the listing initiators as well as the extension of the term for submission of information by audit organisations will be in force for 2020.

Extra financing raised by municipalities to support the GDP growth:

- **Municipal bonds of 13 regions and 3 large cities were included in the KASE Official List during the period of the State of emergency within the implementation of state programs.**

Revised CCP and Repo Market Risk Parameters:

- KASE changed the FX instruments' market risk parameters (initial margin for US/KZT is raised from 4% to 10%) due to increased volatility.
- On the stock market, KASE has set the values of the limits and concentration rates for stocks traded on T+2, as well as discount rates for the repo market securities (April 15 to May 15, 2020).



02

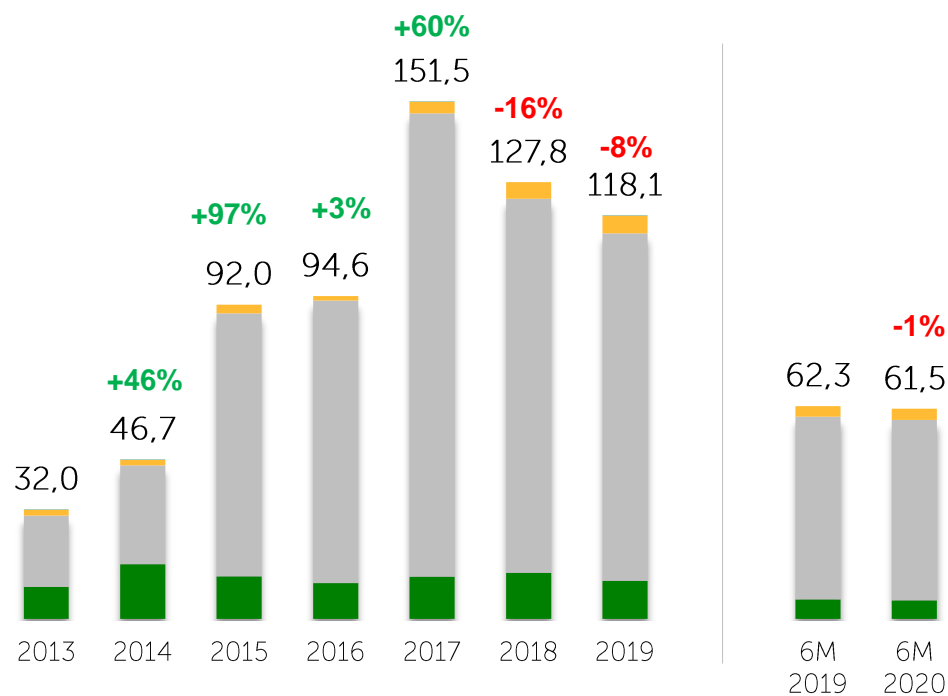
**Markets
Overview**



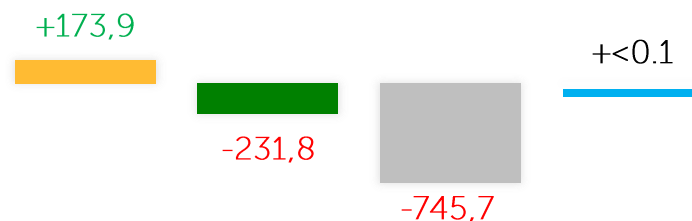
Total Market Turnover: KZT 61.5 trln (-1.3%)



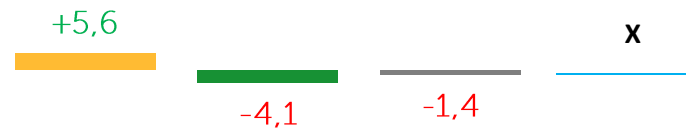
Dynamics of Trading Volume by Sector, KZT trln



Sector Growth for 6M 2020 in Monetary Terms*, KZT bn



Sector Growth for 6M 2020 in Percentage Terms*, %

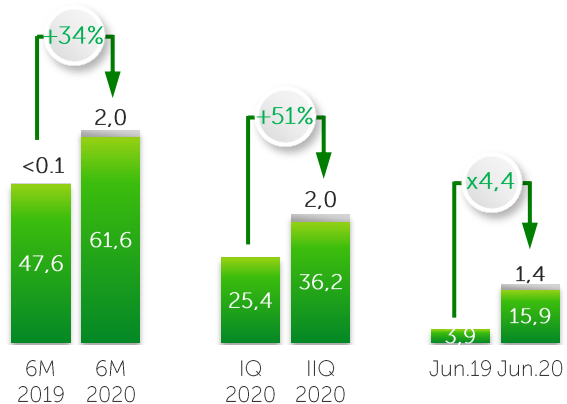


Note: comparison with the same period last year

Securities Market

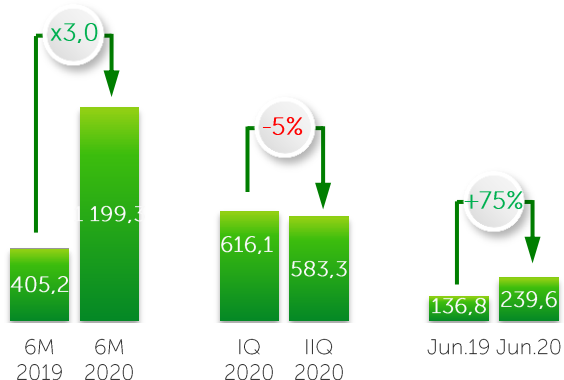
Stock Market, KZT bn

■ Secondary market ■ Primary market



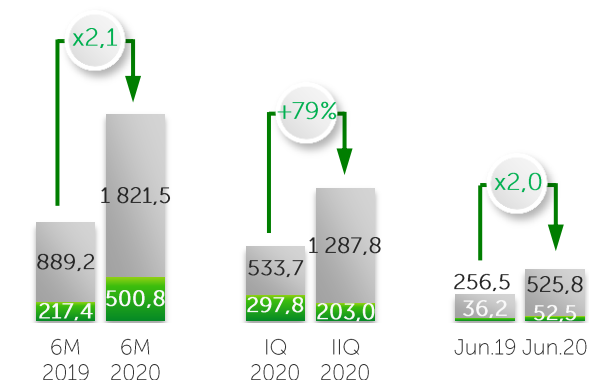
Investment Funds, KZT mln

■ Secondary market



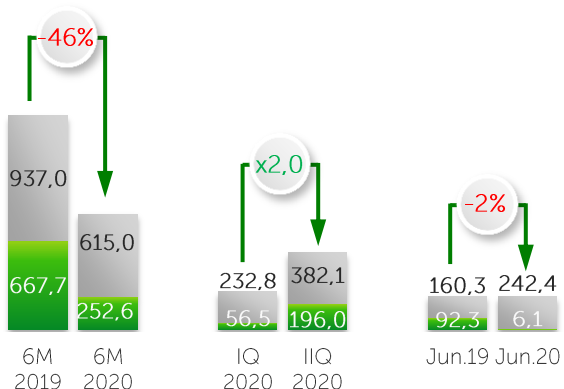
State Securities & Municipalities, KZT bn

■ Secondary market ■ Primary market



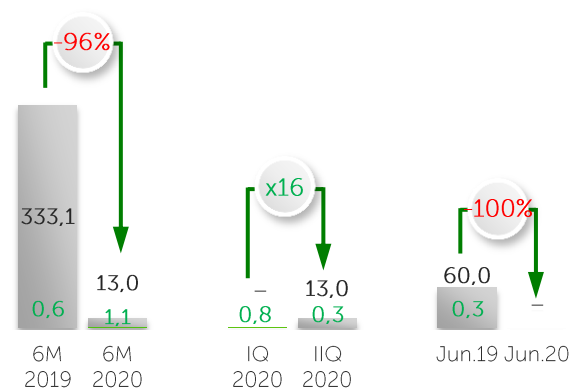
Corporate Bonds, KZT bn

■ Secondary market ■ Primary Market



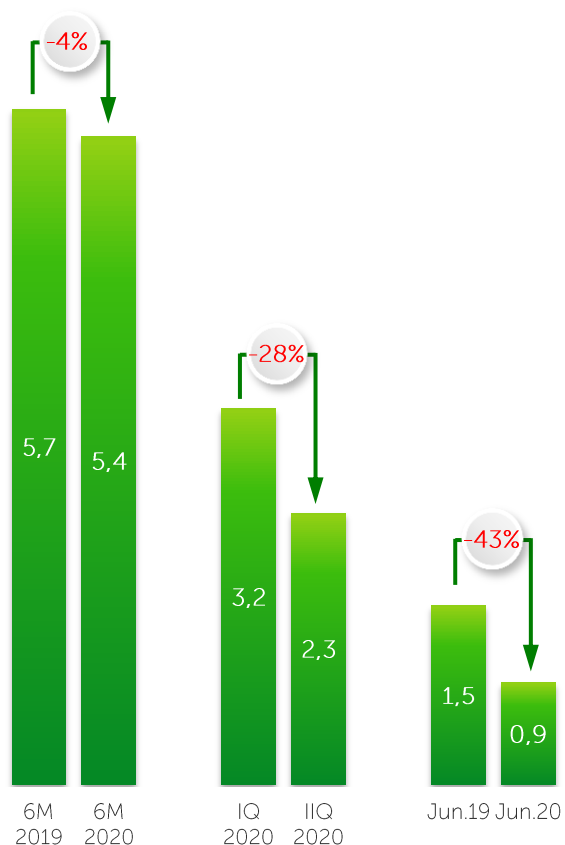
International Financial Institutions Bonds, KZT bn

■ Secondary market ■ Primary market

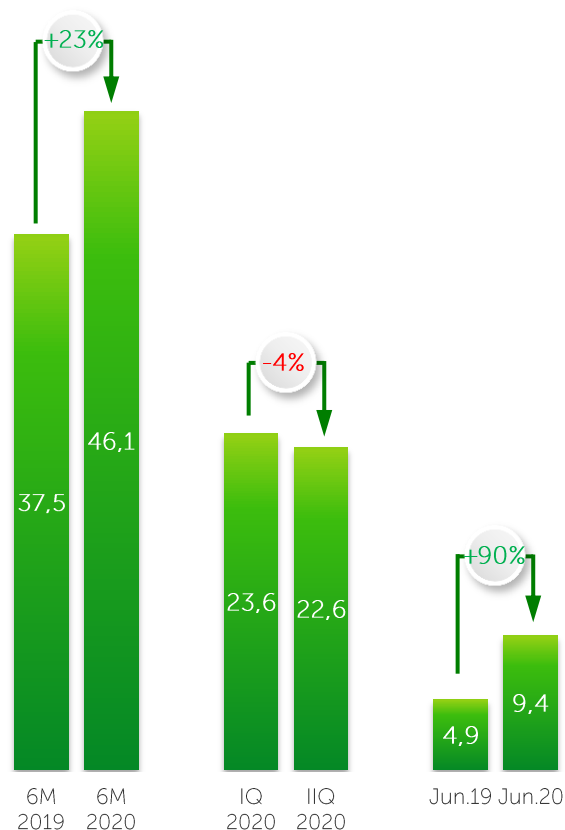


FX and Money Market

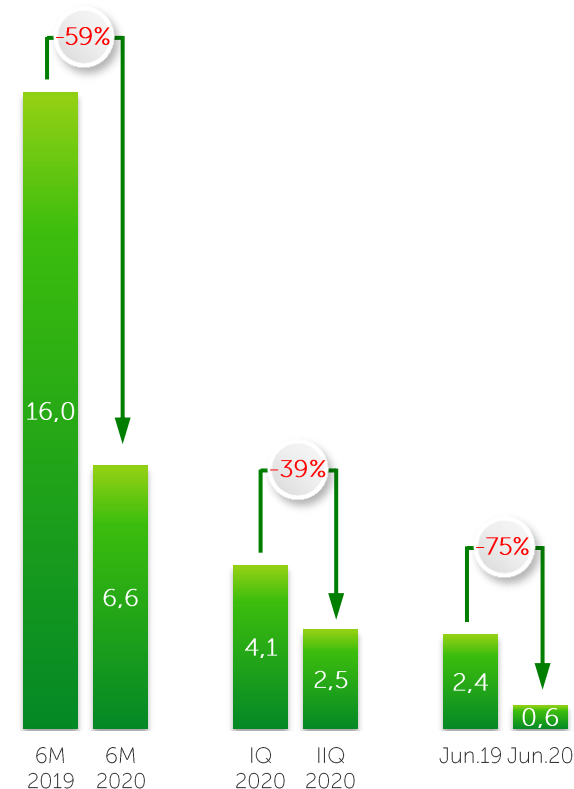
FX, KZT trln



Repo Market, KZT trln

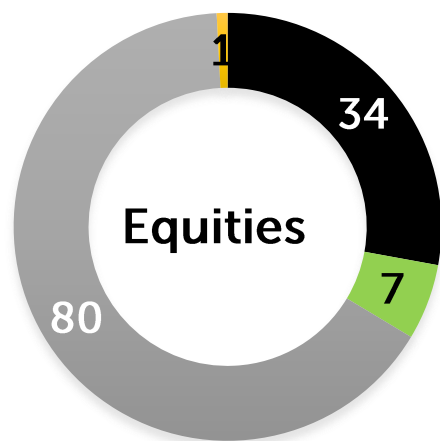


FX Swap, KZT trln

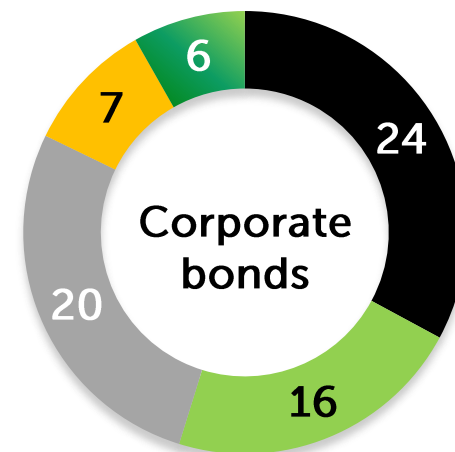


KASE Listed Securities: 443 by 182 Issuers

KASE Official List by the Sectors of Economy, number of issuers

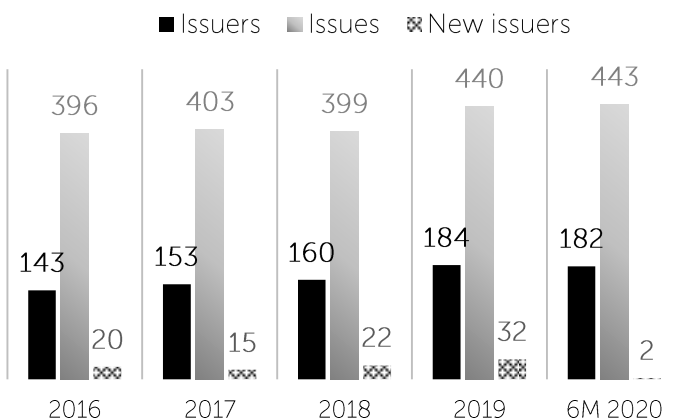


- Financial private
- Real quasi-public
- Real private
- Financial quasi-public
- Development institutions



Corporate Securities Issues

As of 01.07.20 KASE trading list featured 443 instruments of 182 issuers, including 8 instruments of unit investment trusts, 3 ETF, 28 IFI bond issuances, 2 GDR issuance.



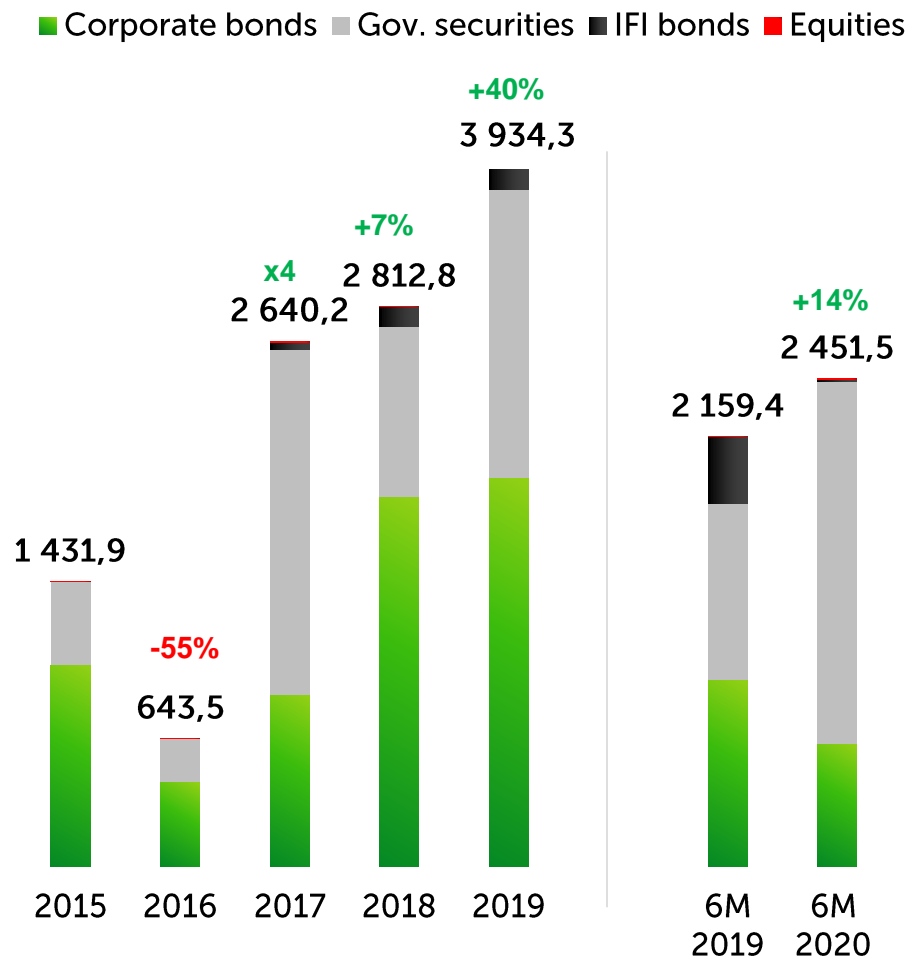
29 instruments of 12 issuers were included in the trading lists in 2020:

- "Baspana" Mortgage organization"
- Subsidiary Organization VTB Bank (Kazakhstan) JSC
- "FIVE BROKERS' CAPITAL" JSC
- LLOYDS BANK PLC
- Mortgage organization "Kazakhstan Mortgage Company" JSC
- SevKazEnergO JSC
- Development Bank of Kazakhstan JSC
- Baiterek Development JSC
- Kazakhstan Electricity Grid Operating Company (KEGOC) JSC
- International Financial Corporation
- National Company "Kazakhstan Engineering" JSC
- KazAgroFinance JSC

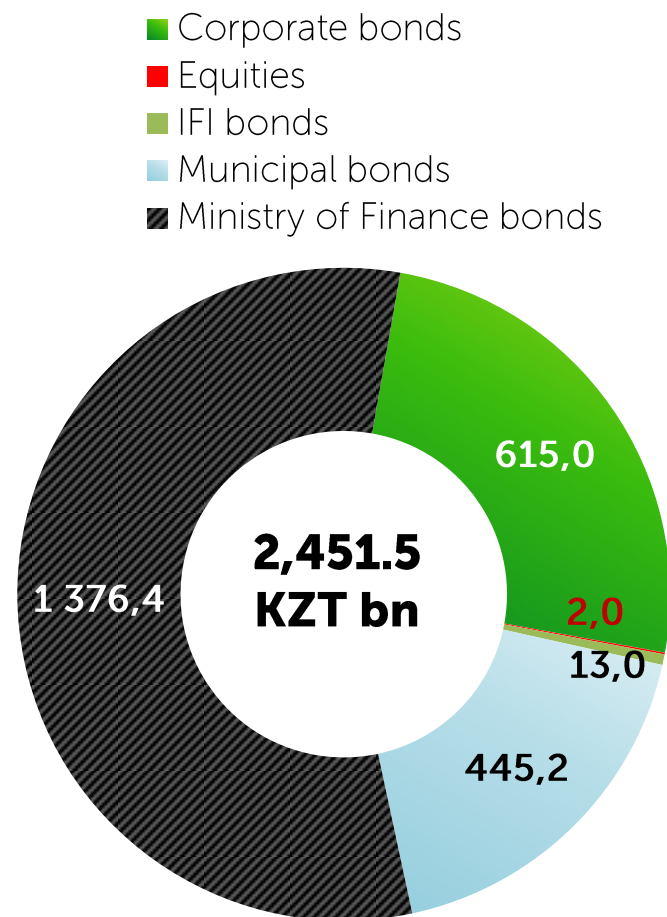
Market Supported by the Public Sector Borrowings

Capital Raised: KZT 2.45 trln (+14%)

Total Capital Raised by Year, KZT bn



Breakdown by Type of Issuer, KZT bn

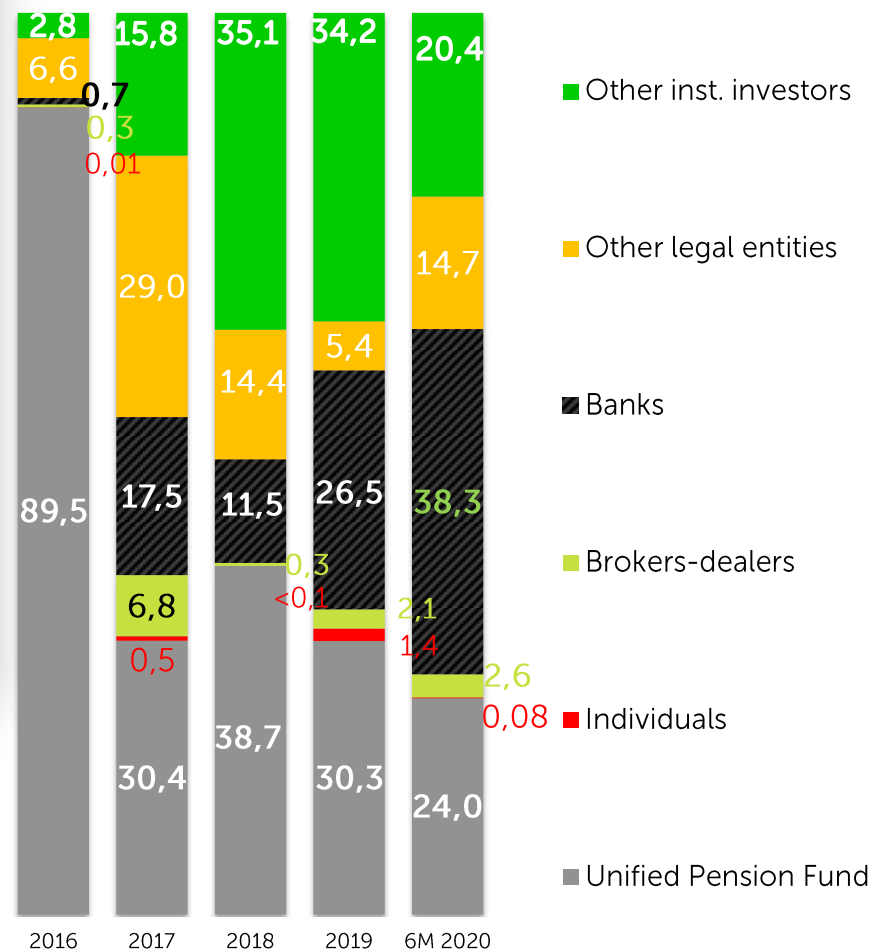


Corporate Bonds Offerings: Issuers and Investors

	2016	2017*	2018*	2019*	6M'2020*
Number of issuers	12	14	23	27	9
FROM THEM:					
quasi-state companies and development institutions	7	8	10	13	6
private non-finance companies	5	1	2	3	2
private finance companies	–	5	11	11	1
Funds raised, KZT bn	424,4	269,5	1 824,5	1 349,7	333,1
including:					
quasi-state companies and development institutions	417,5	234,7	1 418,4	1 140,0	326,8
private non-finance companies	6,9	0,9	5,4	37,8	5,2
private finance companies	–	33,9	400,7	171,9	1,2

* excluding placement within Program of financial support for the banking sector and placements at special market rates

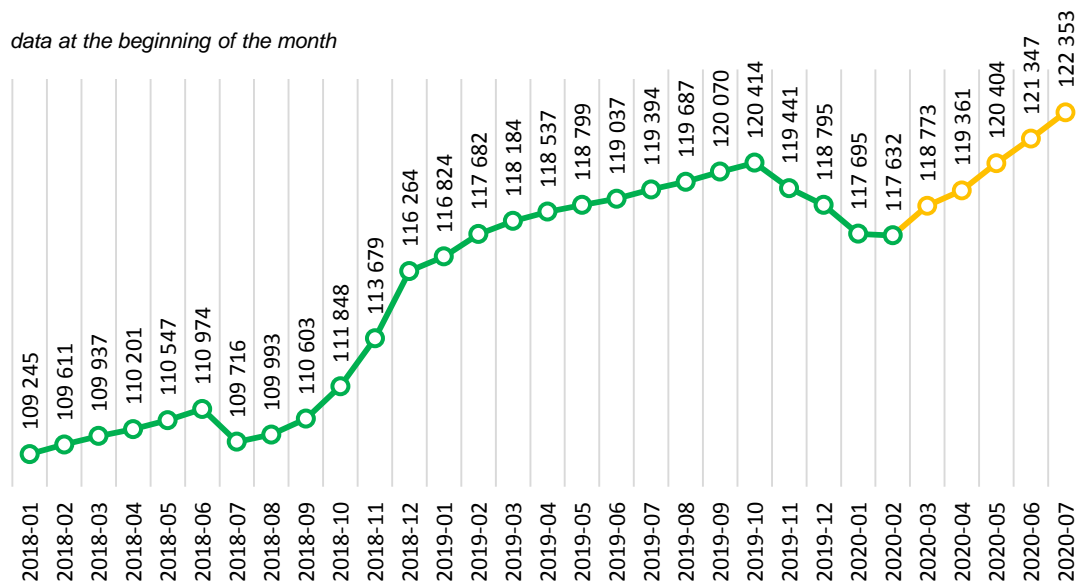
Investors Breakdown, %*



Retail Investors Accounts: Increased by 4%

Number of Trading Accounts opened for Individuals in the Central Securities Depository of Kazakhstan

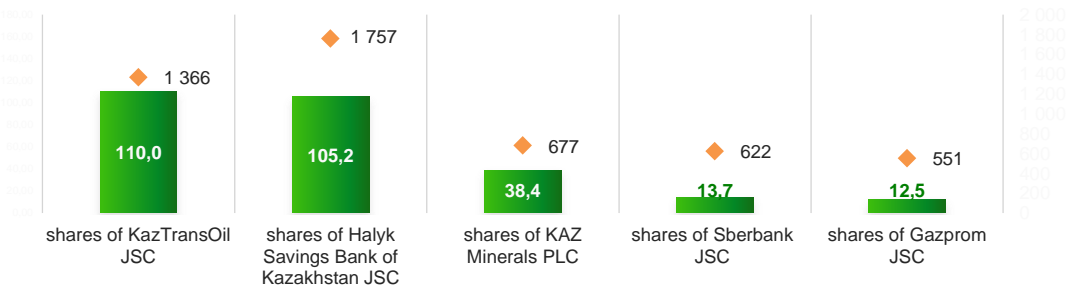
data at the beginning of the month



- As of July 1, 2020, there were 122,353 personal accounts in the Central Securities Depository, which is 4,658 more than at the beginning of 2020. For comparison, in the first half of 2019, the account base grew by 2,570, in the first half of 2018 - 471;
- In June, individuals opened 1,085 new accounts. In May this figure was 1,067, in April - 1,130;
- At the end of IQ 2020, retail investors in the stock markets are ≈ 1.4% of the employed population of Kazakhstan;
- The shares of domestic leaders of the economy and shares of investment funds are most in increased demand on the stock market among individuals.

Top 5 Most Popular Assets for Purchase among New Retail Investors in the 1H of 2020

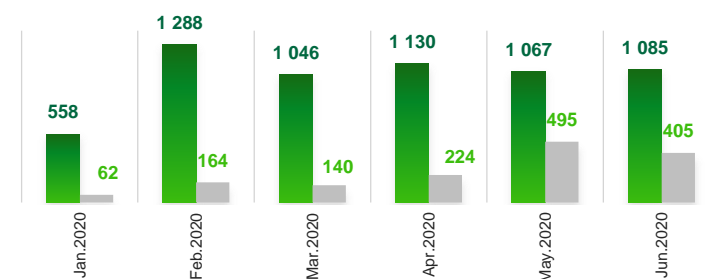
■ Volume of transactions, KZT mln ◆ Amount of deals



Accounts with at least One Transaction after Opening

■ Number of open accounts

■ Number of accounts of individuals who made a deal after opening



Thank you for your attention!

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FAQ

