

Kazakhstan Stock Exchange - leading trading platform in Central Asia



Almaty
September 2016

Securities Market Infrastructure



Kazakhstan
Stock
Exchange

50.1% - NBK
49.9% - other



Central
Depository

55.0% - NBK
34.7% - KASE



БАҒАЛЫ ҚАҒАЗДАРДЫҢ БІРЫҒАЙ ТІРКЕУШІСІ
ЕДИНЫЙ РЕГИСТРАТОР ЦЕННЫХ БУМАГ
THE INTEGRATED SECURITIES REGISTRAR

Integrated
Securities
Registrar

100.0% - NBK

Regulatory Body – National Bank of Kazakhstan

Our company

- Kazakhstan Stock Exchange (KASE) mission is to promote sustainable growth of the Kazakhstani economy through development of market infrastructure
- Today KASE is universal financial market with established mechanisms for interaction of all participants
- KASE infrastructure provides disclosure of issuers' information
- KASE is partner of the National Bank in the implementation of monetary policy and platform for the implementation of major government programs

Our services



LISTING

- admission of securities for public trading
- creation of conditions for disclosure of information about issuers' activities



MEMBERSHIP

- equities market
- currency market
- derivatives market



TRADING

- securities
- currencies
- repo operations and currency swaps
- derivatives



POST-TRADING SERVICES

- clearing
- settlement



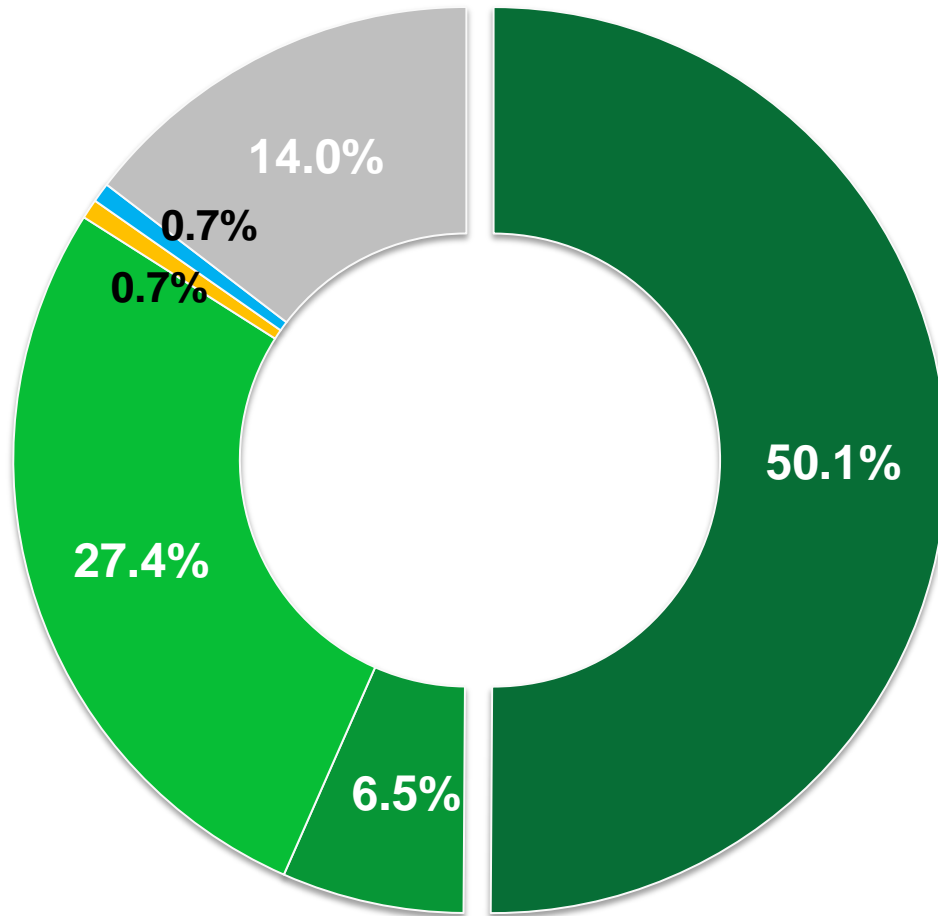
DISSEMINATION OF MARKET DATA

- trading results
- real-time and delayed data
- historical data



IT SOLUTIONS

- trading, settlement and clearing systems
- FIX-Gateway
- website and web services for market participants



■ National Bank



■ Brokers



■ Banks



■ Pension Fund



■ Retail Investors



■ Others



Membership in international organizations



FEAS



International Association of CIS
Stock Exchanges

Market Classifications



- Frontier

FTSE

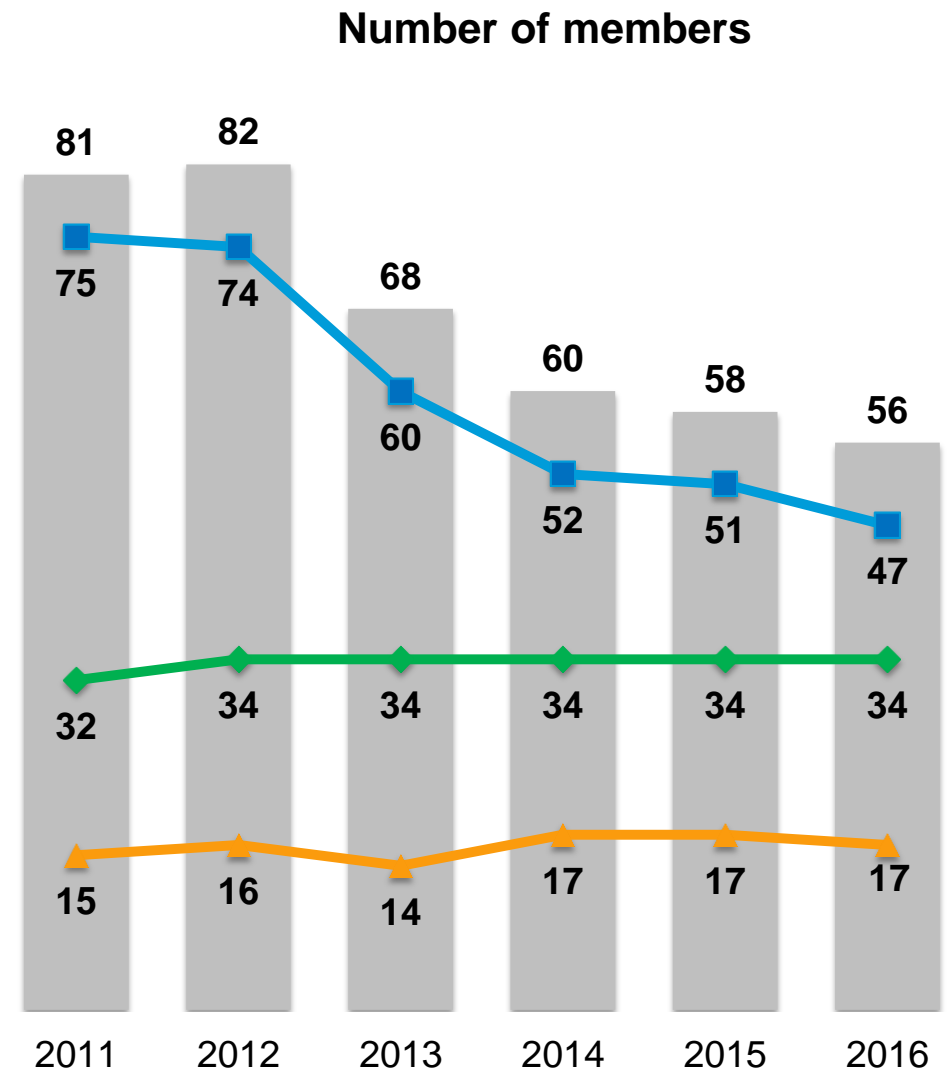
- Frontier

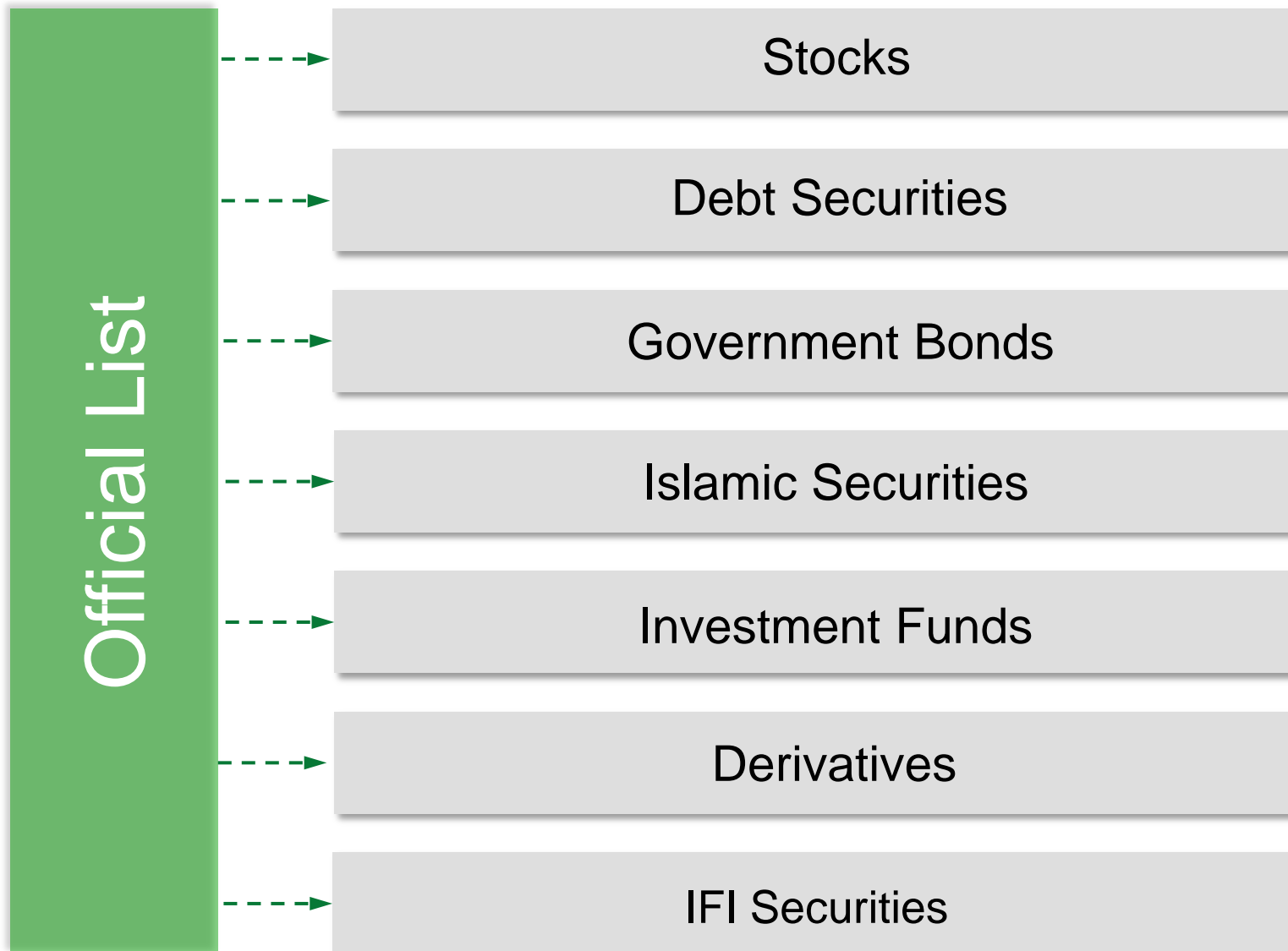


**S&P DOW JONES
INDICES**

McGRAW HILL FINANCIAL

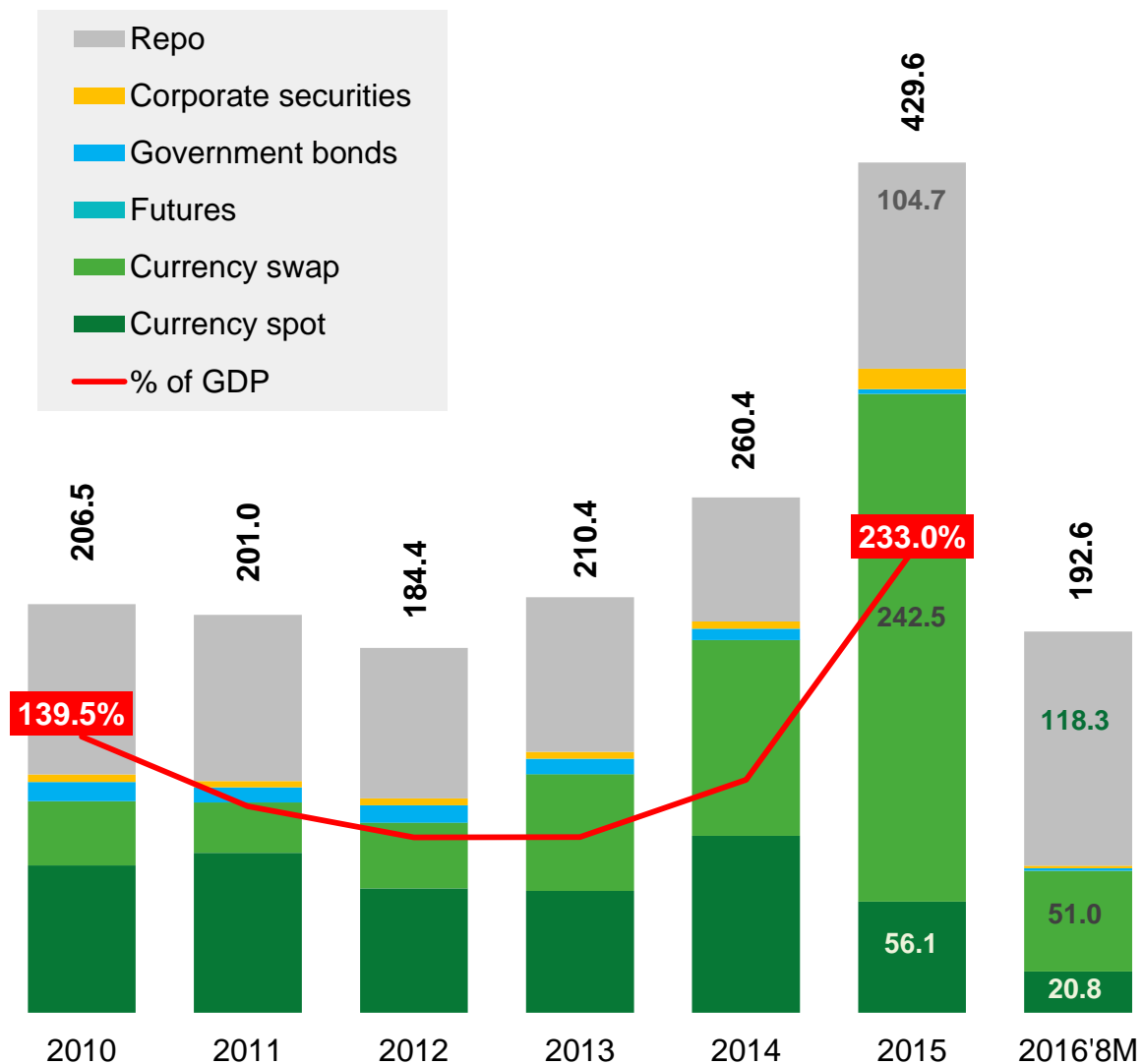
- Watch List
(Frontier)





Market Trading Volumes

Trading volumes in 2010-2016, USD bn



- In 2015 trading volume reached a historical maximum of USD 429.6 bn (+65.0%)
- Amid the tenge deficit currency swap total trading volume increased in 2015 by 159.5%
- In spite of the significant increase in trading volume in shares (+392.9%) and bonds (+125.6%), share of these segments in total turnover of exchange trade remains at 1.1% and 1.3% respectively
- The trade volume in 8 months of 2016 reached USD 192.6 bn

Instruments:

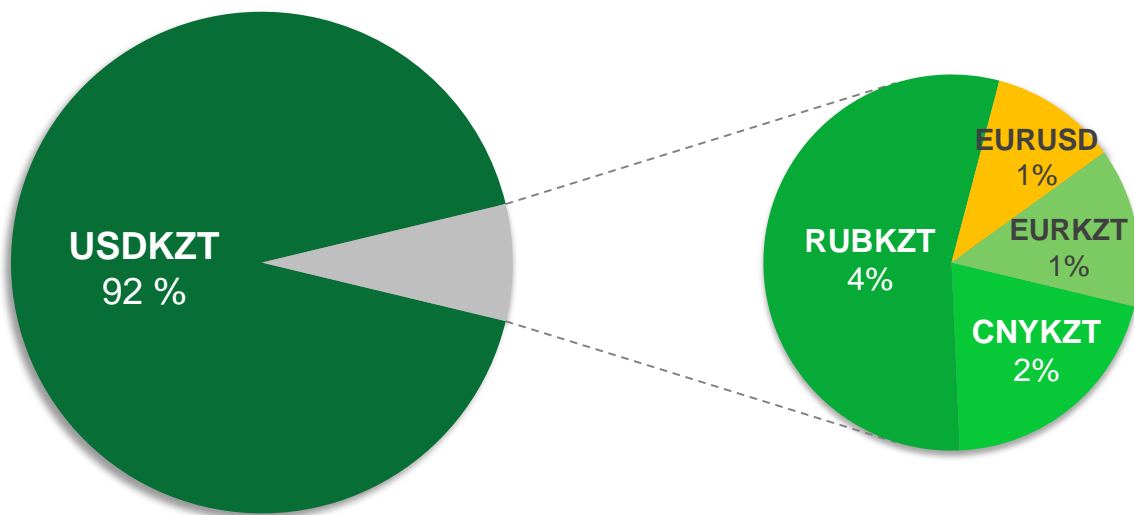
USDKZT_TOD
USDKZT_TOM
USDKZT_SPT

EURKZT_TOD
EURKZT_TOM
EURKZT_SPT

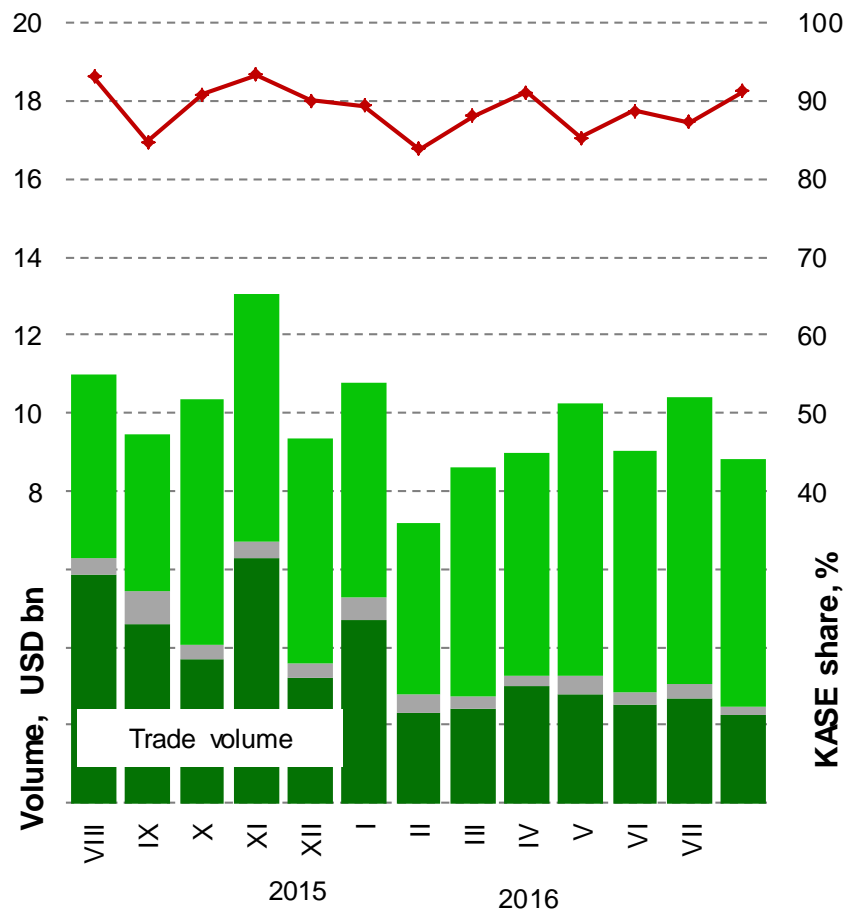
RUBKZT_TOD
CNYKZT_TOD

EURUSD_TOD
EURUSD_TOM
EURUSD_SPT

Currency trading volume structure



Sectoral structure of turnover and KASE share

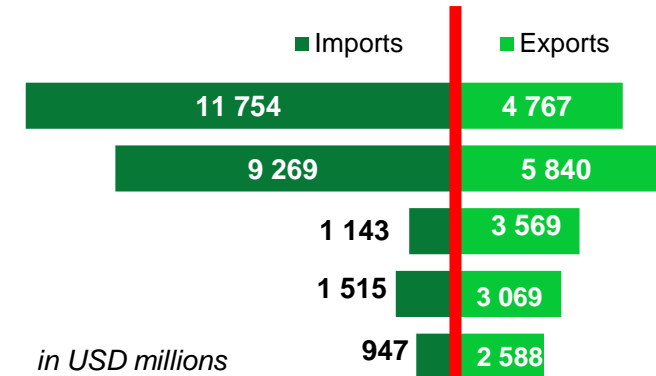


- Non-comparable OTC transactions
- Comparable OTC transactions
- Exchange operations
- ◆— KASE share in comparable transactions

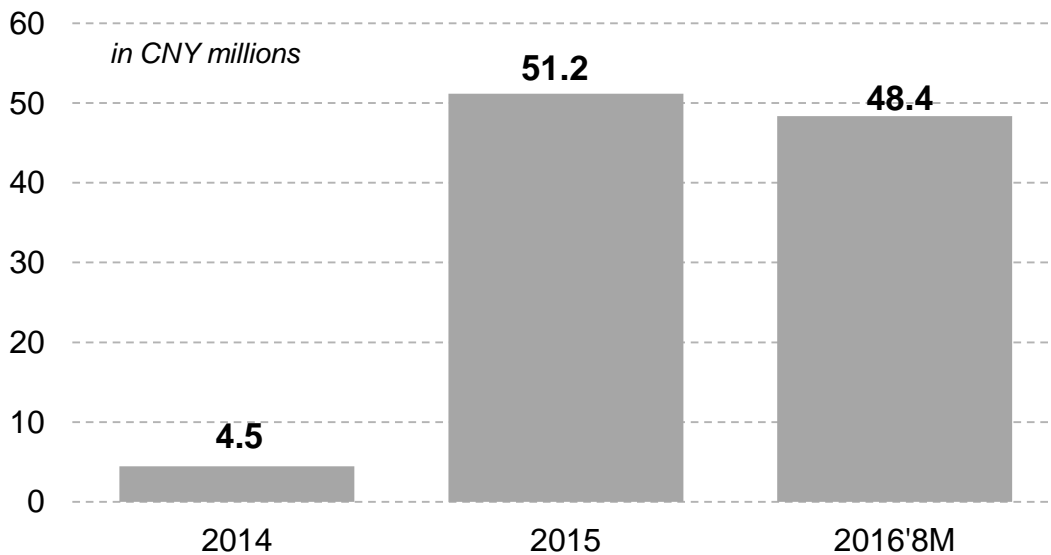
Kazakhstan's Trade Partners

In 2015 China was the second largest trade partner of Kazakhstan, surpassed only by Russia. Total value of trade between two countries exceed USD 15.1 bn or 8% of Kazakhstan's GDP.

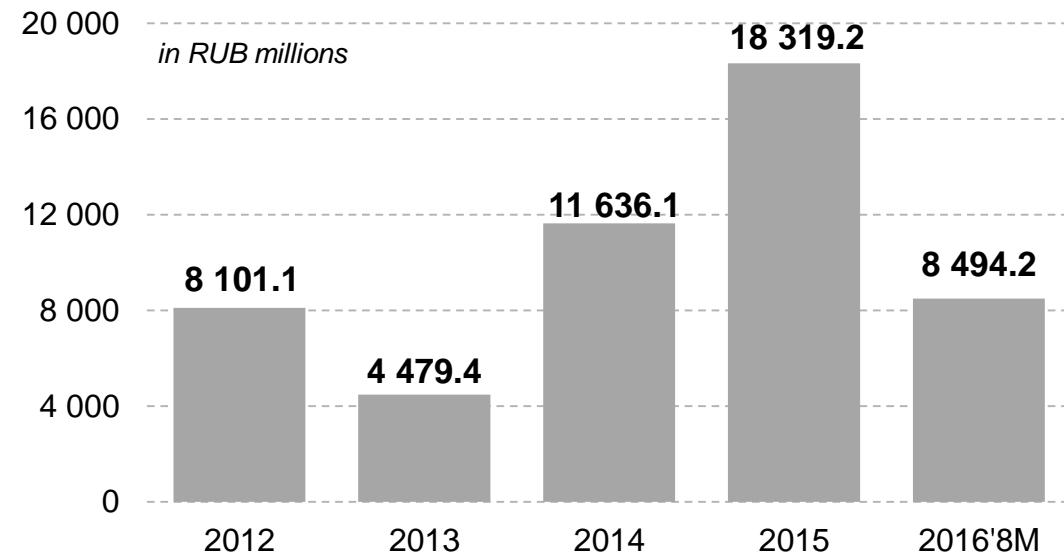
Trading partner	Total trade (USD mln)
Russia	16 522
China	15 109
France	4 712
Germany	4 584
Italy	3 535



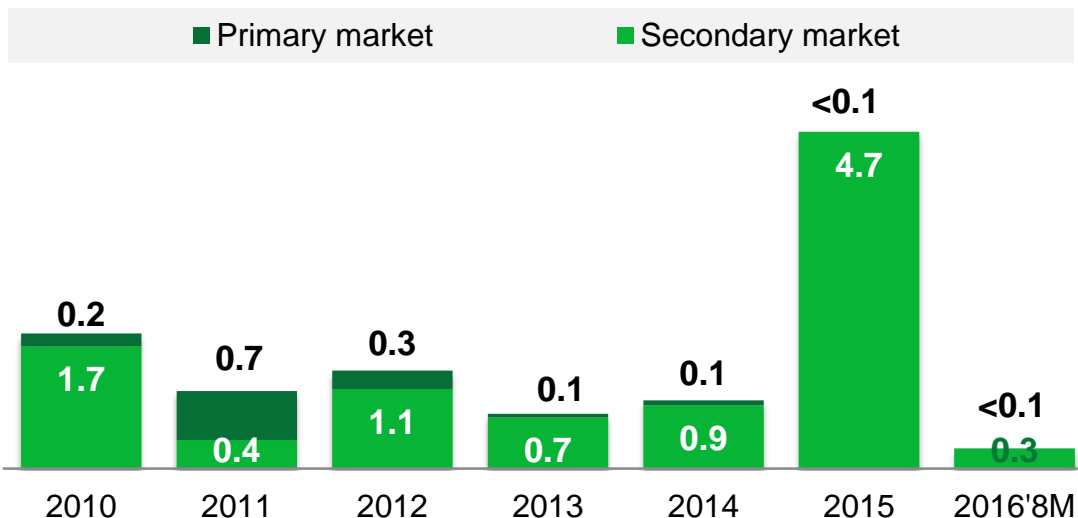
Trading volumes with CNYKZT_TOD



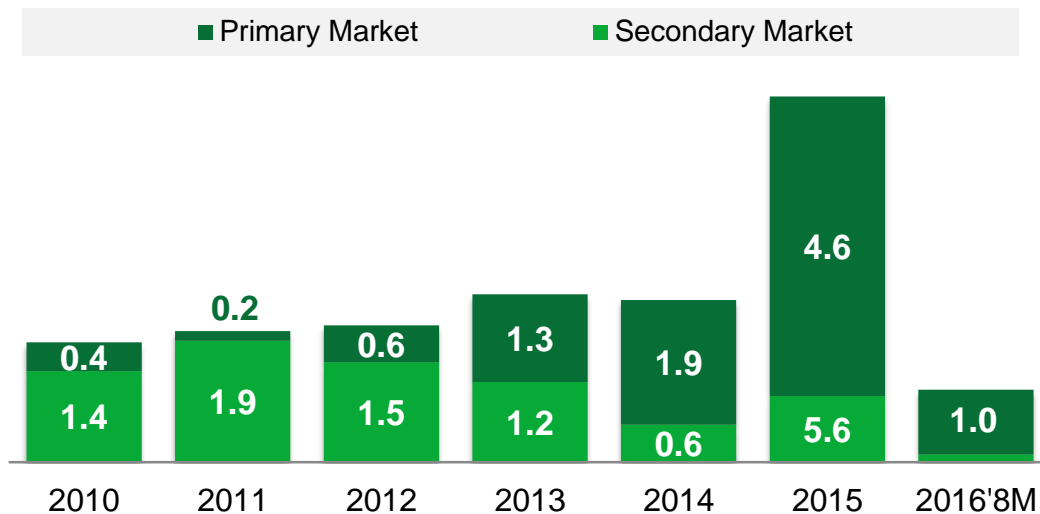
Trading volumes with RUBKZT_TOD



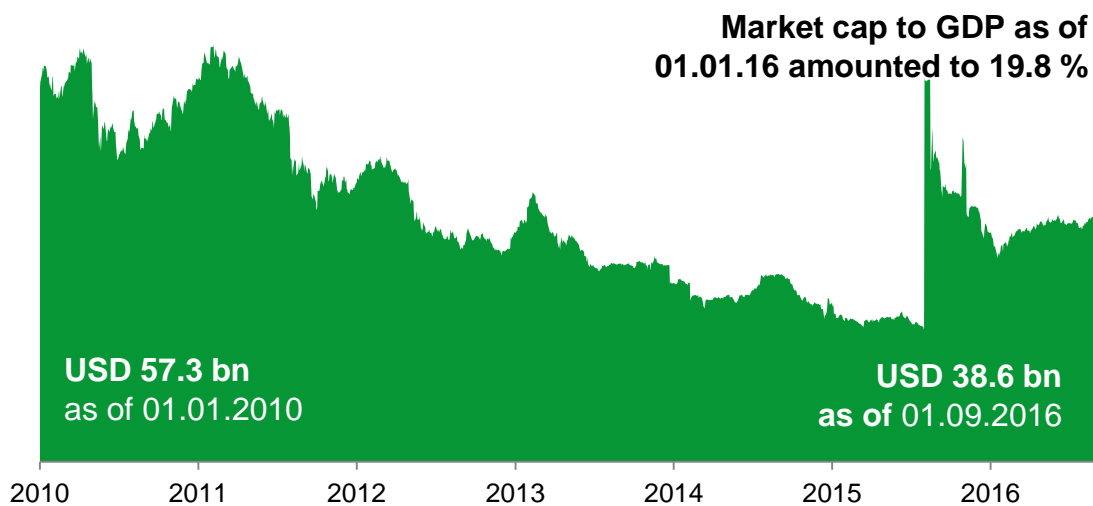
Shares: trading volume, USD bn



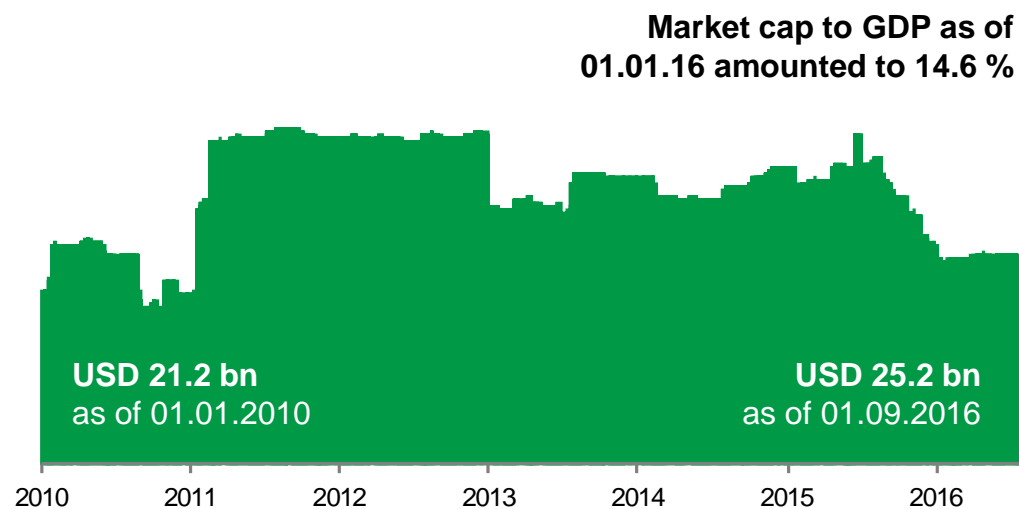
Corporate Bonds: trading volume, USD bn



Market Capitalization, USD bn



Circulating Debt Volume, USD bn



→ There are 8 stocks in Index

KASE Index*

Company Name	Price as of September 1, 2016 (USD)	8-month trend, %	Free float shares, %	Share in the Index, %	Market capitalization, USD mln
KAZ Minerals PLC	2.3	+63.9	57.0	16.1	1 049.4
KazMunaiGaz EP JSC	43.4	+8.9	36.3	13.0	2 938.0
Halyk Savings Bank of Kazakhstan JSC	0.2	+24.1	26.5	17.0	1 625.8
Bank CenterCredit JSC	0.5	+21.6	26.6	2.7	74.4
Kcell JSC	3.3	-6.4	25.0	14.3	655.0
Kazakhtelecom JSC	34.4	+26.1	23.0	11.4	368.6
KazTransOil JSC	2.9	+33.1	10.0	15.0	1 109.1
KEGOC JSC	2.9	+37.0	10.0	10.3	766.8

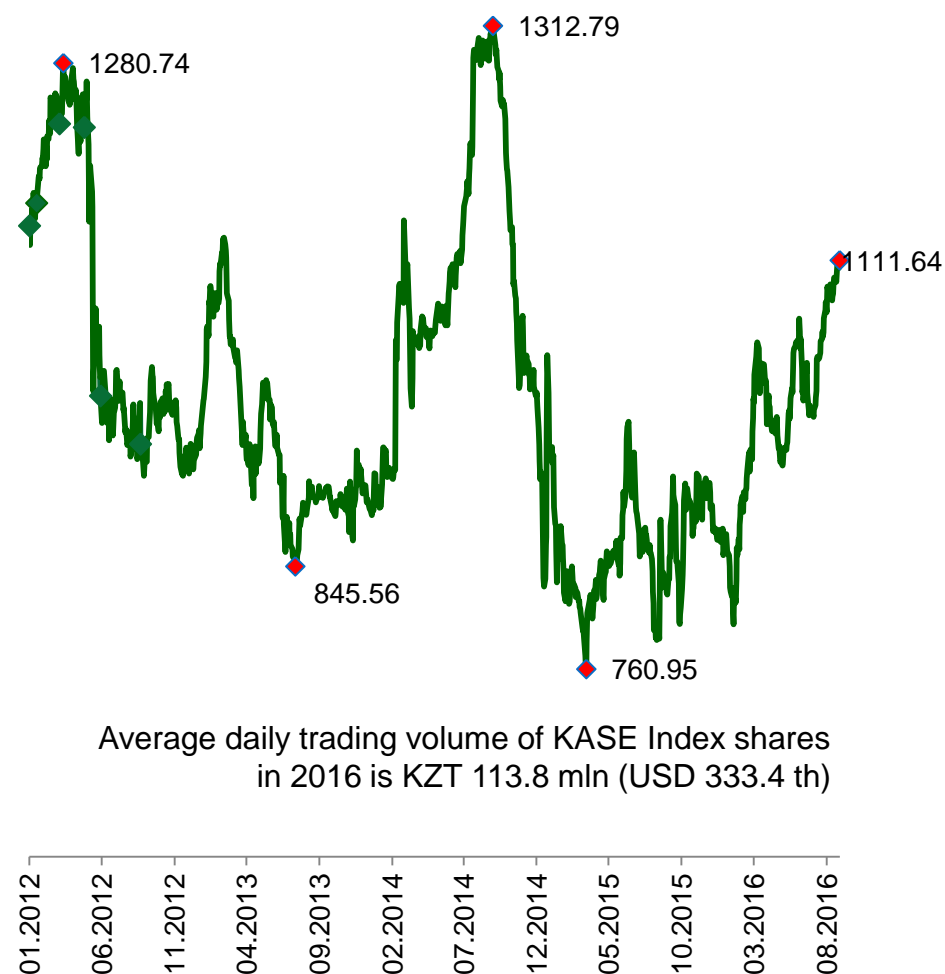
Total

8 587.2

*as of September 1, 2016

KASE Index

- 2015 **-8.8%** (Annual Rate)
- 2016'8M **+29.4%** (Rate from the beginning of the year)



2006



Capital Raised:
258.0 KZT bn
Offering price:
11 163.4 KZT
Demand:
100%
Current price:
14 750.0 KZT
Placement share in total:
33 %

2006



Capital Raised:
17.1 KZT bn
Offering price:
25 000 – 51 000
Demand:
100%
Current price:
11 700.0 KZT
Placement share in total:
5 %

2008



Capital Raised:
642.5 KZT mln
Offering price:
1 485 – 2 525 KZT
Demand:
83%
Current price:
2 000.0 KZT
Placement share in total:
19 %

2010



Capital Raised :
2.7 KZT bn
Offering price :
658.0 KZT
Demand :
100%
Current price :
301.6 KZT
Placement share in total:
5 %

2012



Capital Raised :
7.5 KZT bn
Offering price :
1 578.7 KZT
Demand :
260%
Current price :
1 115.0 KZT
Placement share in total:
25 %

2012



Capital Raised :
27.9 KZT bn
Offering price :
725.0 KZT
Demand :
200%
Current price :
985.0 KZT
Placement share in total:
10 %

2014



Capital Raised:
13.1 KZT bn
Offering price:
505.0 KZT
Demand:
130%
Current price:
1 000.0 KZT
Placement share in total:
10 %

2015



Capital Raised:
359.6 KZT mln
Offering price:
19 843-21 827.0 KZT
Demand:
106%
Current price:
39 479.0 KZT
Placement share in total:
37 %

2016



Capital Raised:
800.0 KZT mln
Offering price:
11 177.0 KZT
Demand:
370%
Current price:
16 310.0 KZT
Placement share in total:
24 %

March 2016

Capital Raised:
100.0 KZT mln
Circulation term:
10 years
Clean Price:
100.0%
Coupon Rate:
10.0%

April 2016

Capital Raised:
50.0 KZT bn
Circulation term:
10 years
Clean Price:
100.0%
Coupon Rate:
16.9%

May 2016

Capital Raised:
20.7 KZT bn
Circulation term:
6 years
Clean Price:
99.5%
Coupon Rate:
8.6%

May 2016

Capital Raised:
65.0 KZT bn
Circulation term:
10 years
Clean Price:
-
Coupon Rate:
14.0%

June 2016

Capital Raised:
30.0 KZT bn
Circulation term:
3 years
Clean Price:
-
Coupon Rate:
14.0 %

July 2016

Capital Raised:
2.8 KZT bn
Circulation term:
6 years
Clean Price:
99.5%
Coupon Rate:
8.6%

June, July, August 2016

Capital Raised:
49.0 KZT bn
Circulation term:
15 years
Clean Price:
99.8%
Coupon Rate:
18.6 %

July 2016

Capital Raised:
15.0 KZT bn
Circulation term:
15 years
Clean Price:
-
Coupon Rate:
15.0 %

August 2016

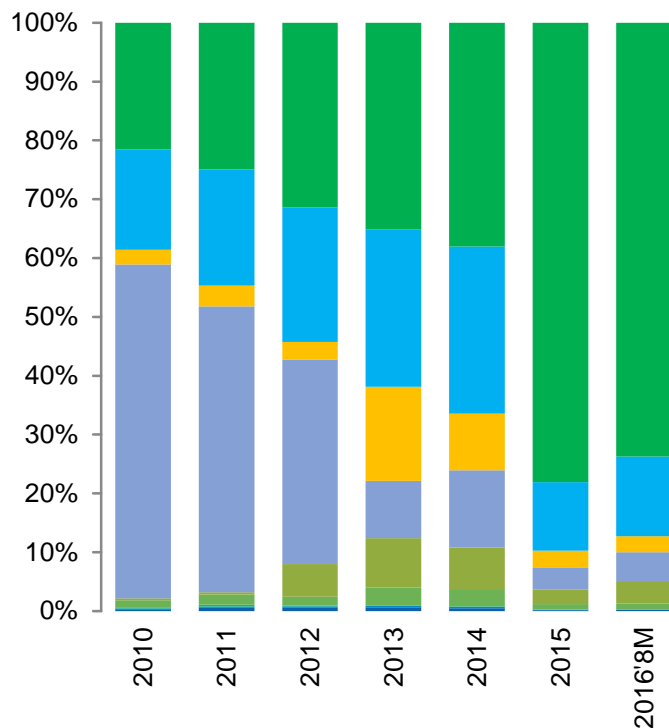
Capital Raised:
102.5 KZT bn
Circulation term:
9 months, 10 years
Clean Price:
-
Coupon Rate:
14.0 %

August 2016

Capital Raised:
4.5 KZT bn
Circulation term:
5 years
Clean Price:
100%
Coupon Rate:
15.5 %

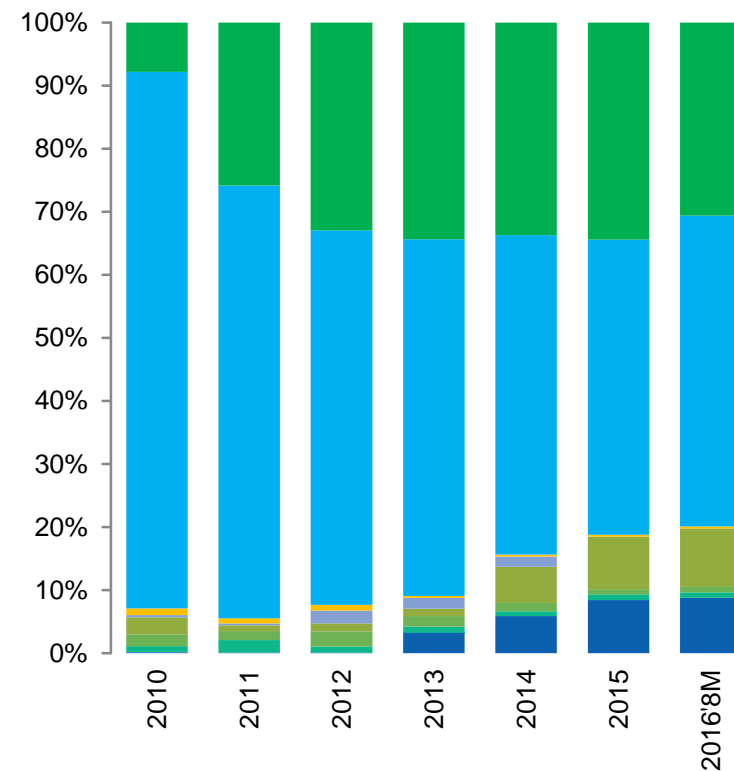
Issuers by Industry Sectors

**Stock Market,
share in market capitalization**



- Energy
- Finance
- Telecommunications
- Materials
- Industrials
- Consumer staples
- Municipal services
- Information technology
- Medicine
- Consumer discretionary

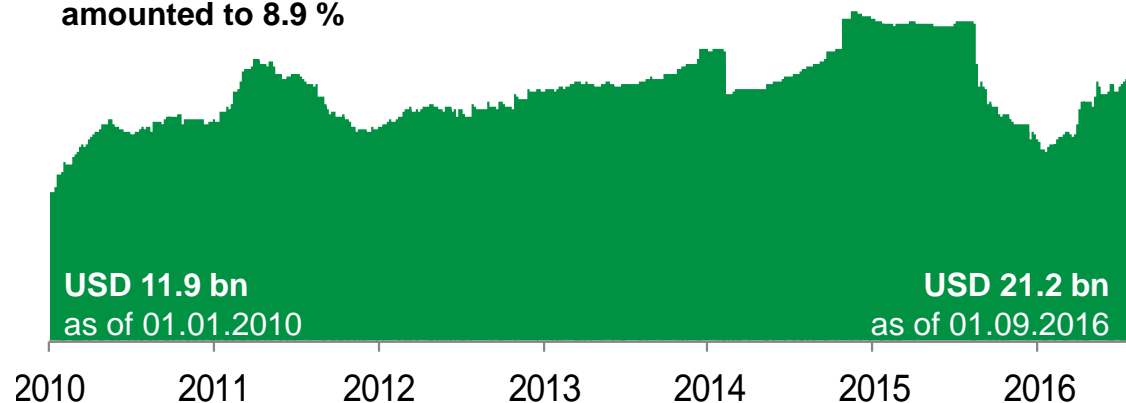
**Bonds Market,
share of debt in circulation**



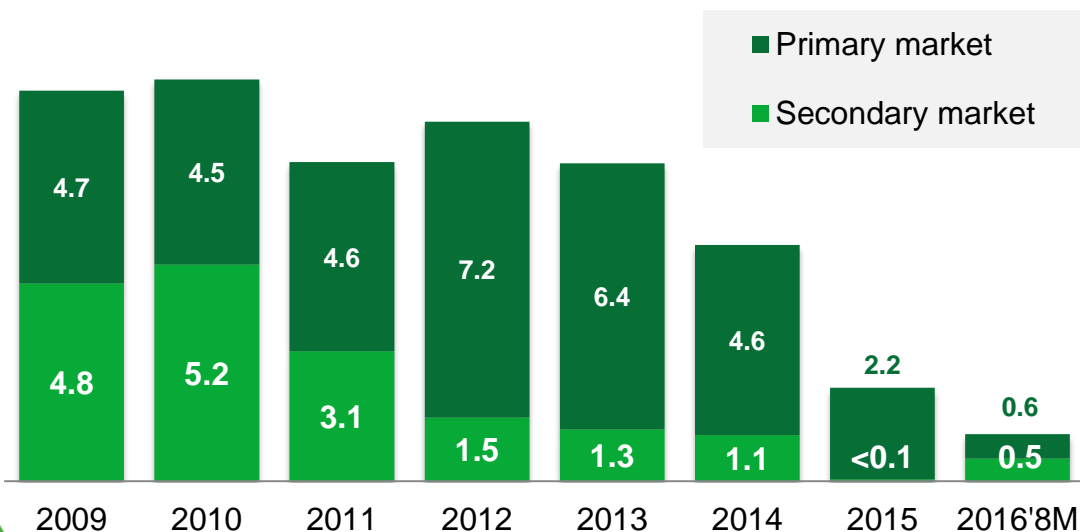
73.8%	Energy	30.6%
13.5%	Finance	49.3%
3.7%	Industrials	9.2%

Market Capitalization, USD bn

Market cap to GDP as of 01.01.16
amounted to 8.9 %

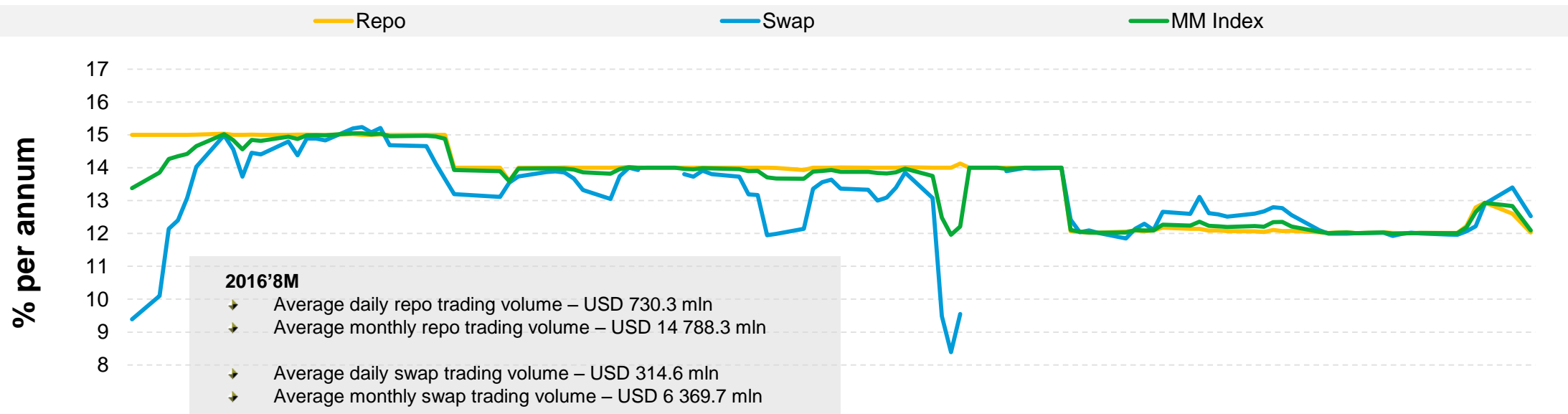


Trading Volume, USD bn

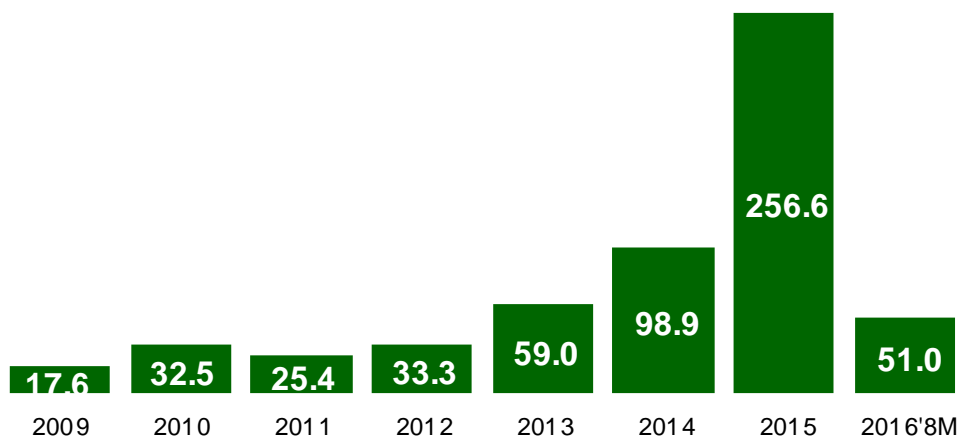


- Total trading volume of government securities decreased to USD 2.3 bn in 2015
- In 2016, the Ministry of Finance placed the long-term treasury bonds worth of KZT 180.0 bn (≈USD 538.9 mln), local executive bodies - in the amount of KZT 33.0 bn (≈ USD 95.0 mln)
- Volume in the secondary market increased from USD 37.4 mln for eight months of 2015 to USD 548.1 mln for eight months of 2016 (+1 365.9% YoY)
- At the end of August 2016 the number of outstanding issues was - 192
- Volume of public debt by issuers:
 - ✓ Ministry of Finance of RK = USD 15 212.5 mln (162 Securities)
 - ✓ National Bank of RK = USD 5 832.0 mln (14 Securities)
 - ✓ Municipalities = USD 97.0 mln (16 Securities)

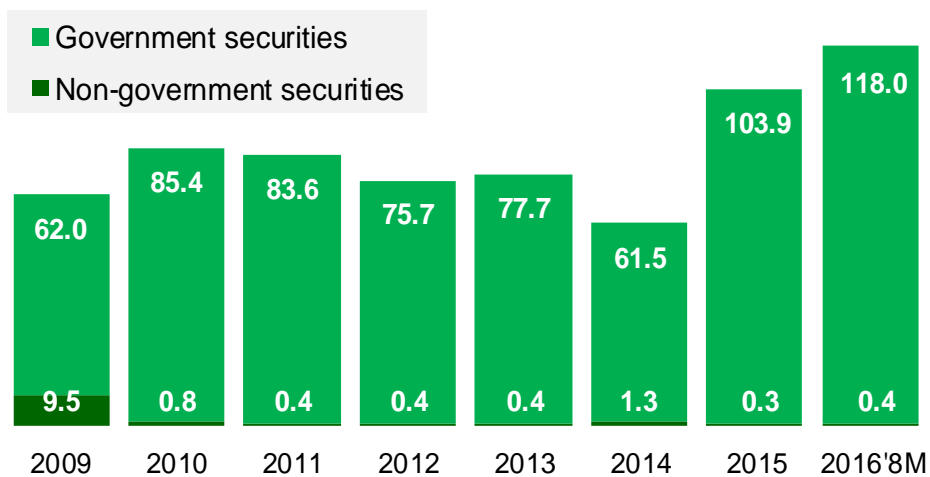
Money market rates



Currency swap trading volumes, USD bn



Repo trading volumes, USD bn

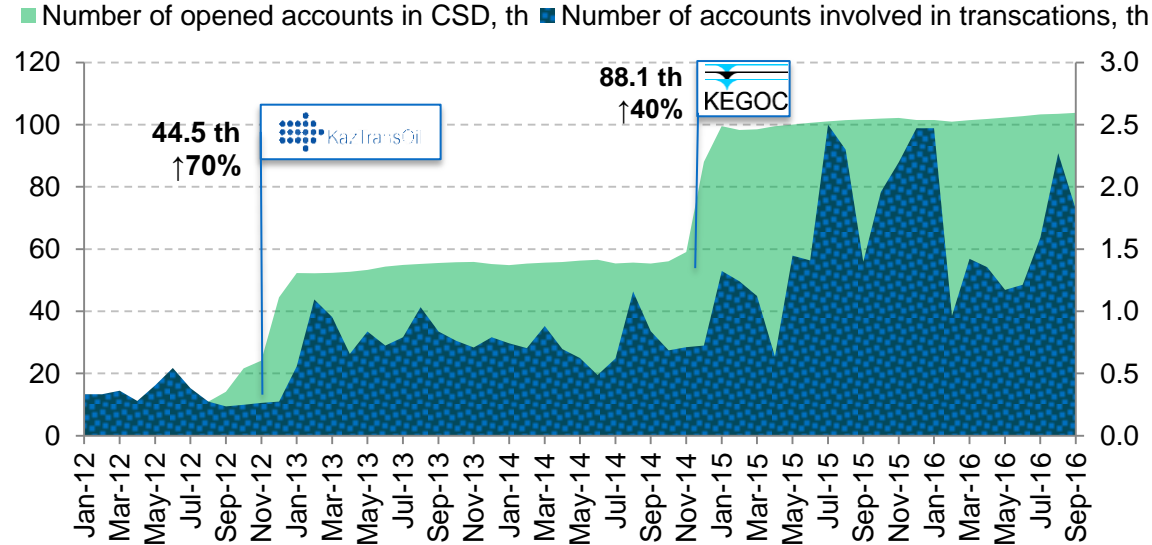


As of September 1, 2016 total number of retail accounts registered in Central Securities Depository amounted to 103 808.

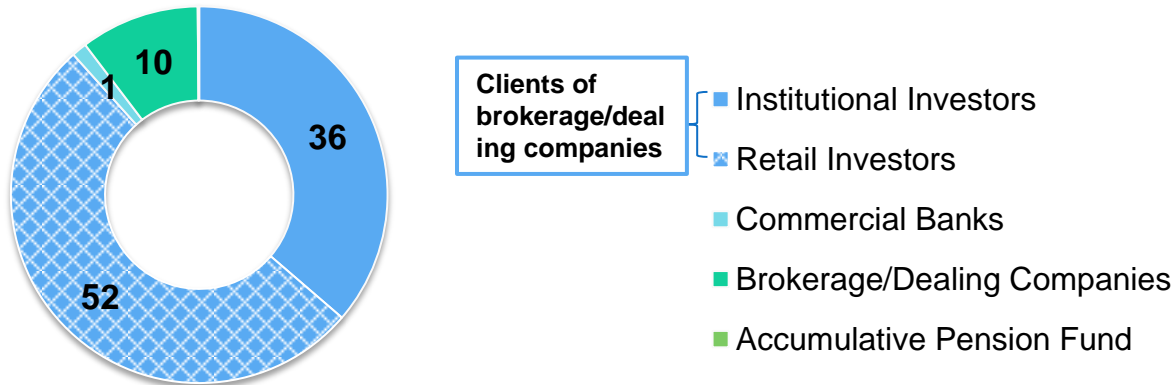
Kazakhstan's securities market investors are represented by brokerage firms, brokerage firms' clients, commercial banks and the Unified Pension Fund.

Brokerage firms are clients are comprised of retail investors and institutional investors. Institutional investors are represented by commercial banks, investment funds, insurance companies and other legal entities.

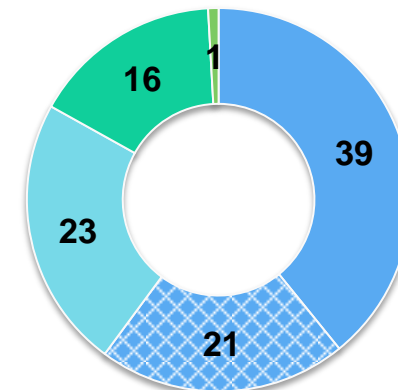
Active accounts at CSD



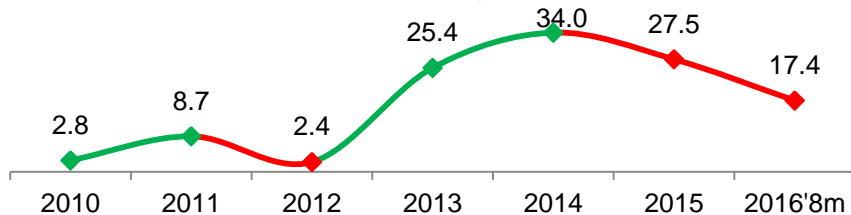
Shares: secondary Market, %



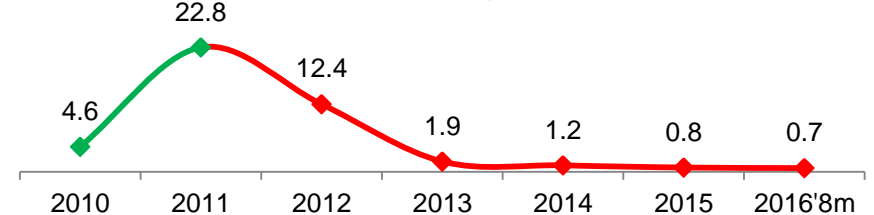
Corporate Bonds: secondary Market, %



Non-residents in Corporate Bonds Gross Turnover, %



Non-residents in Corporate Bonds Gross Turnover, %



Trading system for securities market

Launched: 1997

Performance indicators:

- 100 bids per second
- 300 000 trading accounts
- 300 000 bids per trading session

Supported trading methods:

- the continuous counter auction method (main trading method) and the Frankfurt trades method
- the specialized trades' method (issuance or buyback of securities, securities' subscription), the nego deals conclusion method

Settlement under T+0, T+2. Integration with clearing system

Trading system for currency market

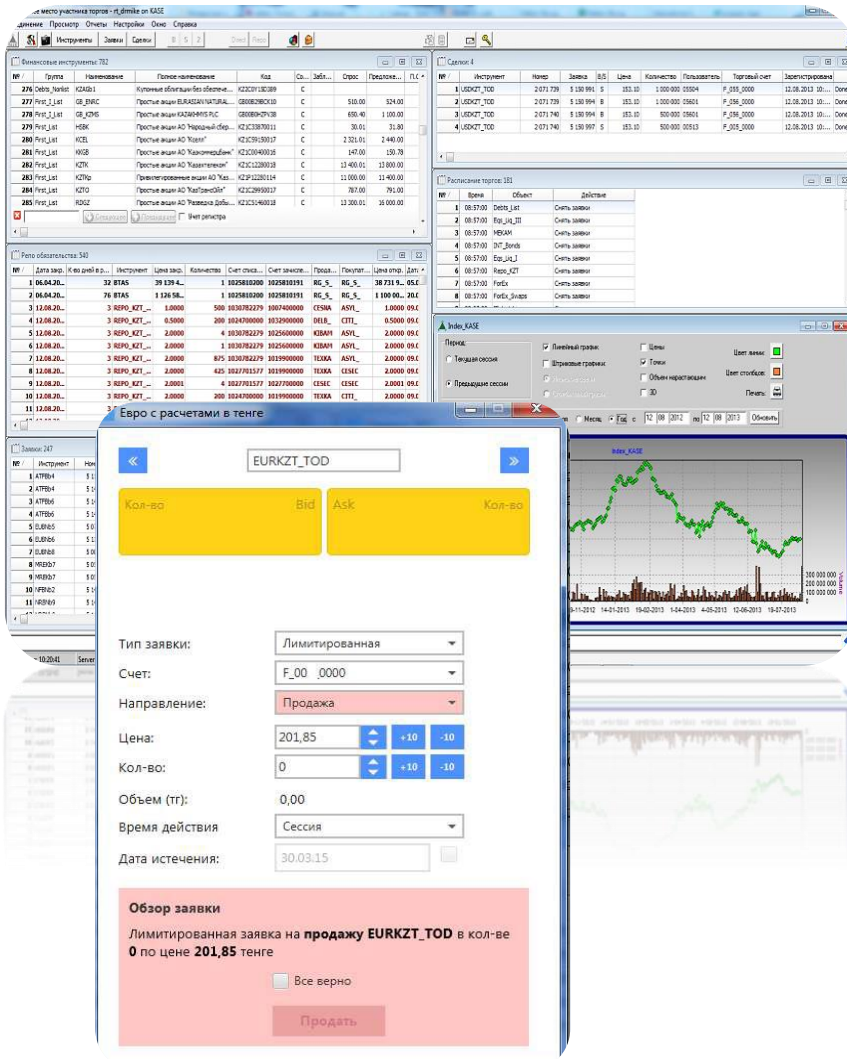
Launched: 2015

Performance indicators:

- 10 000 bids per second
- 1 000 000 trading accounts
- 1 000 000 bids per trading session

Supported trading methods:

- the continuous counter auction method (main trading method)



Trading system terminal:

- ensures functions for work of trading system administrators and professional market participants
- supports operations with more than 45 types of trading system objects
- contains more than 70 different screen forms

Rotary system:

- FIX-Gateway market data for dissemination of the exchange's information (Bloomberg, Reuters)
- FIX-Gateway transaction for connection with the applications of the exchange's members

In 2012 KASE got a license to perform clearing activities for transactions with financial instruments on the securities market.

Objects/subjects of clearing service

52 clearing participants

- Currency market – 33
- Equities market – 24
- Derivatives market – 11

39 financial instruments

- Foreign currencies – 17 (including currency swaps)
- Futures – 14
- Securities – 8

- **Guarantee fund (total USD 999.2 th):**
 - USD 884.2 th on currency market
 - USD 67.8 th on securities market
 - USD 47.2 th on derivatives market of which
 - USD 35 th on currency futures market segment
 - USD 11.2 th on securities futures market segment
- **Reserve fund:**
 - USD 162.1 th on securities market
 - USD 501.1 th on derivatives market

The National Bank of the Republic of Kazakhstan is exempt from margin and guarantee payments (p4 a2 The provisions of the clearing members).

Clearing members that operate in full prepayment mode are exempt from guarantee payments on currency market.

Strategic Directions of Development

01 Stock Market Growth



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

02 Customer Focus Improvement



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

03 Efficiency and Competitiveness Raising



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

Thank you for your attention!

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