



Citi's Online Academy for Financial Institutions Kazakhstan – Securities Market Overview Webinar

Anara Butina, Securities Country Manager, Citi

13 March 2008

Strictly Private and Confidential



Table of Contents

- Country overview	1
- Market statistics	2
- Market structure	3
- Quick market reference guide	6
- Market developments	8
- Citibank Kazakhstan	9
- Core Securities Services in Citi Kazakhstan	10
- Why choose Citi Kazakhstan	11
- Our organisation chart	13
- Questions & answers	14

Country Overview



The Republic of Kazakhstan

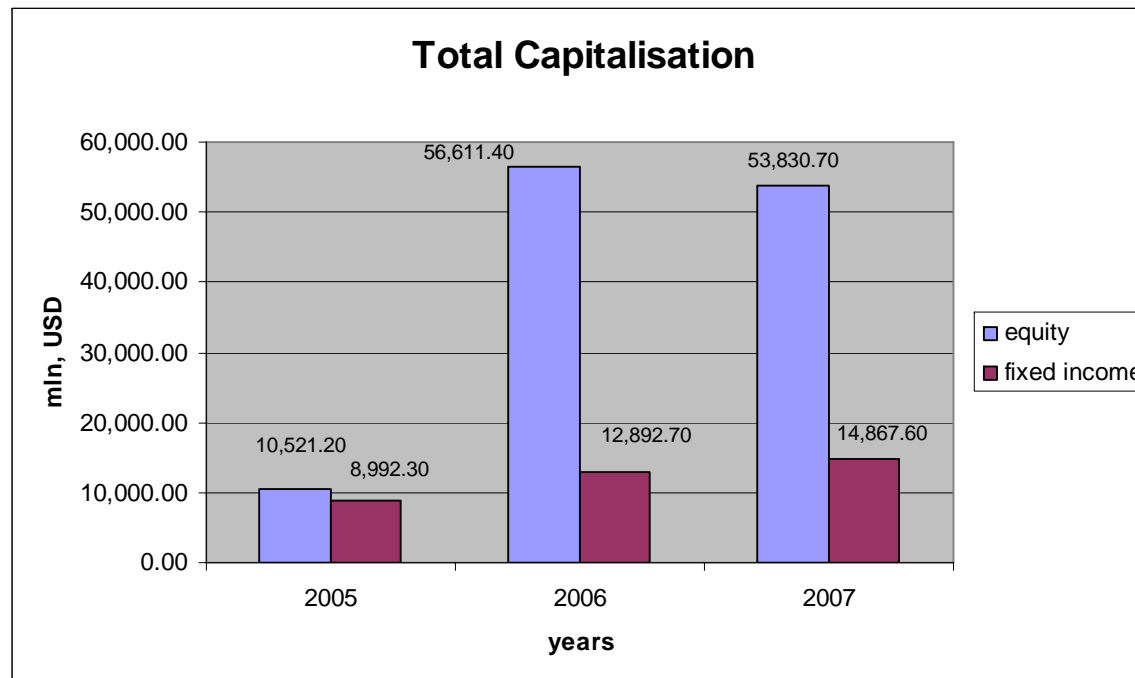
Population	15.56 million
Time Zone	GMT+6 (Winter Time) / 5 (Summer Time)
GDP (2007, US\$)	104.5 billion
GDP per Capita (2007, US\$)	6,711
GDP Growth rate (2007)	8.5 %
Inflation (average annual in 2007)	10.8 %
Total Market Cap (Jan 2008 US\$)	64.4 billion
Country Credit Rating	BBB- (S&P), Baa3 (Moody's), BBB (Fitch)



Market Statistics

As of 31 January 2008

- Total capitalisation: USD 64.4 billion
- Equity capitalisation: USD 52.4 billion
- Fixed income capitalisation: USD 12 billion
- Number of securities listed: 328 (97 Equities + 231 Corporate Bonds)
- Average daily trading value: USD 10.97 million (equities) and USD 5.16 million (corporate bonds)
- Index KASE: 2,625.54



Market Structure – Financial Instruments Traded

- Equities
- Fixed income
 - **Government securities**
 - Issued by Ministry of Finance, National Bank of the Republic of Kazakhstan
 - Traded OTC and Kazakhstan Stock Exchange (KASE)
 - Auctioned monthly
 - Tenors ranging from 7 days to more than 5 years
 - **Corporate bonds**
- Foreign Currencies
- Derivatives and some supranational securities

Market Indices

[Index KASE](#) | Index of Kazakhstan Stock Exchange

Market Structure – Participants

Kazakhstan Stock Exchange (KASE)

- Ownership: Joint Stock Company
 - 69 exchange shareholders
- Established in December 1993
- KASE members: 101
- Settlement cycle for KASE trades: T + 0 (standard settlement cycle)

Trading days: Monday through Friday

Trading hours: 11:30–17:00

- KASE trading:
 - The A Board
 - The B Board
 - The unlisted companies floor
 - Special trading floor of Regional Financial Centre in Almaty city (RFCA)

Market Structure – Participants

Central Securities Depository (CSD)

- Ownership: Joint Stock Company
 - Shareholders: NBK holding 49.79%, KASE 38.68%, banks 7.41% and 4.12% brokerage companies
- Established on 18 July 1997
- 98 Participants in CSD include Custodian banks and broker-dealers holding custodial and/or broker-dealer license, international financial organisations and foreign depositories
- Efficient DVP system
- Investor Protection Funds:
 - Reserve Fund (KZT 18 million)
 - Insurance Fund (KZT 12million)
- Book-entry

Regulators

- The Agency of the Republic of Kazakhstan on regulation and supervision of financial markets and financial organizations (FSA).
- The National Bank of Kazakhstan (NBK)

Quick Market Reference Guide

- Settlement method: book-entry
 - Settlement cycle
 - T+0, however for over the counter (OTC) settlements, counterparties can also negotiate up to T+3
 - Numbering system: NSIN
 - Omnibus account structure: allowed
 - Turnaround trades are not possible
 - Partial settlement: not allowed
 - Free of payment: allowed
 - Short selling: not allowed
- Pre-matching
 - By telephone
 - Market Penalties
 - 5 % of the settlement consideration
 - Registration
 - Nominee concept is recognized
 - Registration is simultaneous with settlement at the CSD
 - Securities Lending and Borrowing: not allowed

Quick Market Reference Guide (Cont'd)

- Foreign Ownership Limits
 - The Banking Law, Insurance Law, Investment in sensitive industries such as space or military. Telecommunication Law, Media Law, Subsoil Law, Joint-Stock Companies Law – 10 % and more of the voting shares. Consent of FSA
- Currency control
- Limit of balance on cash account
- Corporate actions:
 - ex-date is the same as record date
 - no concept of pay-date
 - voting on General Shareholders Meeting
- Taxation

Applicable taxes for foreign investors are:

 - Withholding tax (WHT) on dividends, interest on debt securities (15%)
 - Capital Gain Tax (CGT) (20%)
 - No WHT or CGT applies on government securities and agency bonds
- CSD account structure:

Segregated accounts in the name of clients:

 - CSD accounts are mirrored in Citibank's books
 - 2 types of accounts: nominal (nominee) holder or beneficial owner

Market Developments

Infrastructure and regulatory framework

- The considering of possibility of settlement cycle T+3
- Development of derivatives market

Citi Kazakhstan

- Present in Kazakhstan since 1994
- Fully fledged Corporate and Commercial Banking product offering:
 - Financing (working capital, CAPEX, Trade)
 - Cash Management
 - Trade Finance and Services
 - Foreign Exchange and Hedging
 - Corporate Finance, Investment banking, Advisory
- Citi's DCC Services opened in Kazakhstan on 29 January 2008 as the 51st proprietary branch

Core Securities Services in Citi Kazakhstan

- Securities Clearing and Settlement
- Safekeeping
- Pre-matching
- Portfolio Valuation
- Comprehensive SWIFT Reporting
- Corporate Actions
- Income Collection
- Full Proxy Services
- Tax Relief at Source
- Cash Management
- Foreign Exchange
- Detailed MIS reporting
- Market information Services

Why choose Citi Kazakhstan

Citi offering	Differentiating Factors	Client benefits
Quality of local market expertise & staff members	<ul style="list-style-type: none"> • Training opportunities from experts dedicated to the business globally • 10 years relevant experience on average 	<ul style="list-style-type: none"> • Global consistency of service delivery and familiarity with clients' expectations and requirements • Best market practices implemented for clients
Quality of technology	<ul style="list-style-type: none"> • Technology platform that provides for consistency with other Citi Securities Services centres in Central Europe, Middle East and Africa (SeCore) 	<ul style="list-style-type: none"> • Clients will benefit from the familiarity of the systems & reporting
Quality of product	<ul style="list-style-type: none"> • Competitive cut-off times • Real time trade status via ISO 15022 messages 	<ul style="list-style-type: none"> • Increased flexibility for instructing the trade
Quality of service	<ul style="list-style-type: none"> • Unique coverage model with centralised Relationship Management and local teams in the market • Monitoring special arrangements on a daily basis 	<ul style="list-style-type: none"> • Full control on the market level while retaining capability to escalate wider issues to the global RM team • Reduced operational risk
Market influence	<ul style="list-style-type: none"> • Representation with local regulatory bodies and market infrastructures • Proven ability to influence the market and represent on behalf of clients 	<ul style="list-style-type: none"> • Representation of our clients and its customer interests in the local market • Best practices implemented for our clients

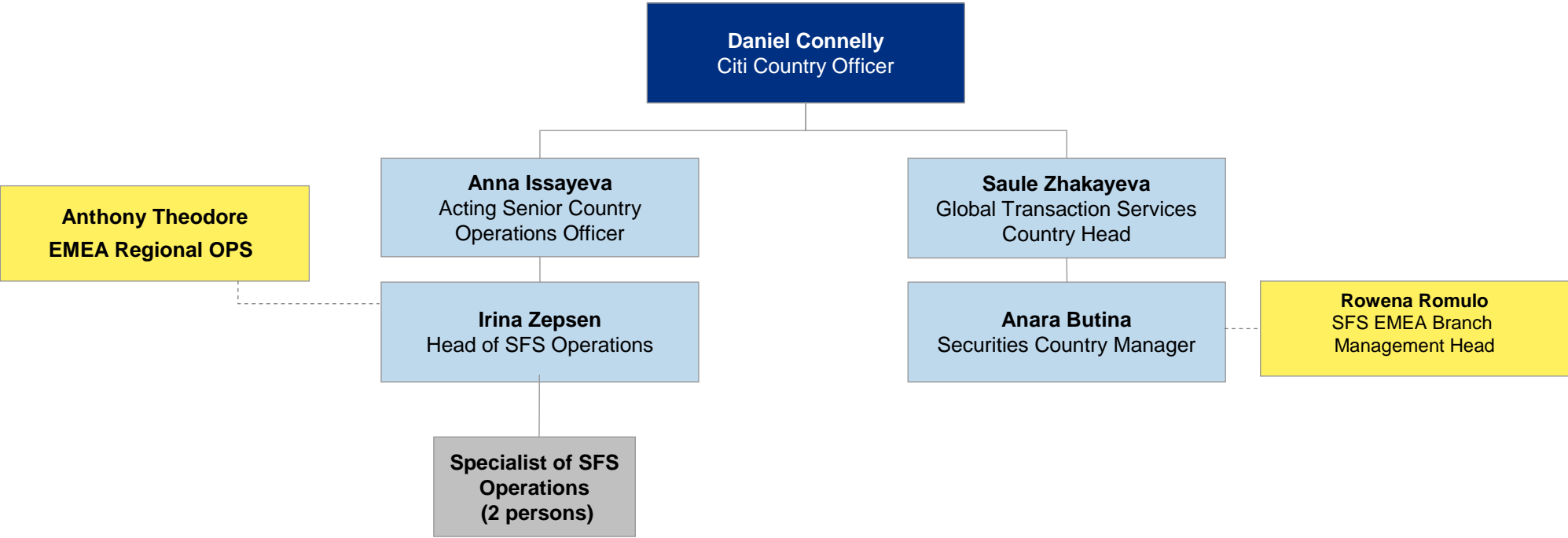
Why choose Citi Kazakhstan (Cont'd)

Citi offering	Differentiating Factors	Client benefits
Systems – Quality/Expenditure	<ul style="list-style-type: none"> • Globally maintained core system set with local modules to support market-specific requirements • Development and maintenance of core systems performed by Citi on the global level 	<ul style="list-style-type: none"> • Consistency across all markets where Citi is the chosen provider • Increased efficiency through automation • End-to-end operational controls • Ability to benefit from best market practices
Track Record Within the Market	<ul style="list-style-type: none"> • In the market since 1994 • Proven ability to influence the market and lobby on behalf of clients • Representative client base 	<ul style="list-style-type: none"> • Clients well represented in the local market as a result of Citi's influence resulting from its active participation, long presence and financial strength



Organisation Chart

Securities and Fund Services in Kazakhstan



Key Contacts

- Saule Zhakayeva – Global Transaction Services Country Head, phone: + 7 727 298 0410, email: saule.zhakayeva@citi.com
- Anara Butina – Securities Country Manager, phone: + 7 727 298 0907, email: anara.butina@citi.com
- Irina Zepsen – Head of SFS Operations, phone: + 7 727 298 0973, email: irina.zepsen@citi.com



Questions & Answers

The information and materials contained in these pages, and descriptions that appear, are subject to change. Not all products and services are available in all geographic areas. Eligibility for particular products services is subject to final determination by Citigroup and/or its affiliates. Any unauthorised use, duplication or disclosure is prohibited by law and may result in prosecution. © 2008 Citibank, N.A. All rights reserved. Citi and Arc Design is a trademark and service mark of Citigroup Inc., used and registered throughout the world.