



PRESS RELEASE N 12

Situation on Financial Market in March 2022

April 28, 2022

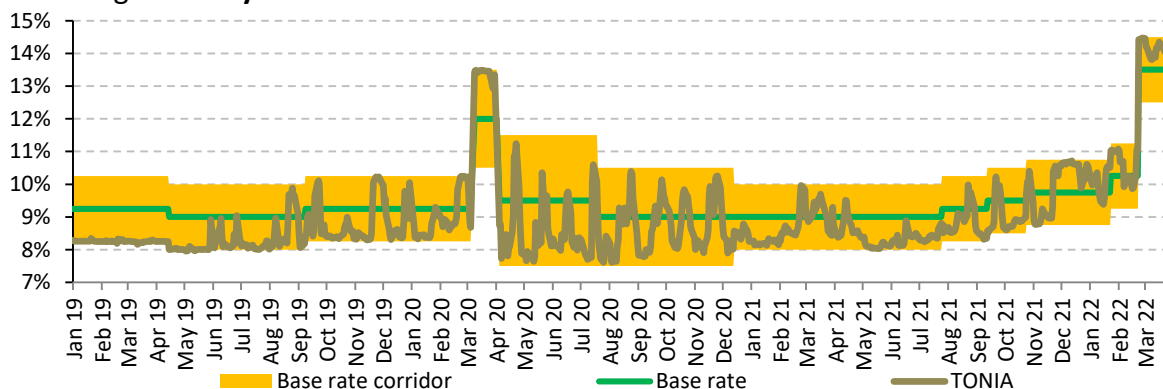
Nur-Sultan City

1. Operations of the National Bank in Monetary Policy

On March 9, 2022, the National Bank decided to keep the base rate unchanged at the level of 13.5% p.a. with an interest rate corridor of ± 1.00 p.p. – 1.00 p.p., on April 25 it increased it by 0.5 p.p. up to 14% p.a. with an interest rate corridor of ± 1.00 p.p. given rising inflationary pressures.

TONIA¹ indicator, which is a target rate when conducting monetary policy operations in the money market, was formed within the interest rate corridor in March 2022. In March 2022, the weighted average value of TONIA was 14.1% p.a. (11.4% in February 2022).

Diagram 1. Dynamics of the base rate and its corridor



Monetary policy instruments. At the end of March 2022, negative balance of operations of the National Bank (open position of the National Bank) in the money market amounted to 2.6 trillion KZT.

Volume of operations to provide liquidity via reverse repo operations totaled 205.9 billion KZT, volume of withdrawals via direct repo – 173.9 billion KZT.

Volume of liquidity withdrawn through deposit auctions was 779.6 billion KZT, bank deposits with the National Bank – 376.7 billion KZT.

Volume of short-term notes in circulation at the end of March 2022 was 1,432.9 billion KZT, a 21.97% contraction for the month.

In March 2022, five auctions were held for a total amount of 855.3 billion KZT, including three auctions to place 1-month notes for an amount of 707.9 billion KZT (weighted average yield – 13.44%), one auction to place 3-month notes for an amount of 113.6 billion KZT (13.65% yield), one auction to place 6-month notes for an amount of 33.7 billion KZT (13.77% yield).

¹A weighted average value of yield of one-day repo operations with securities of public stock basket with a 5% cut of transactions with the lowest and highest yield.

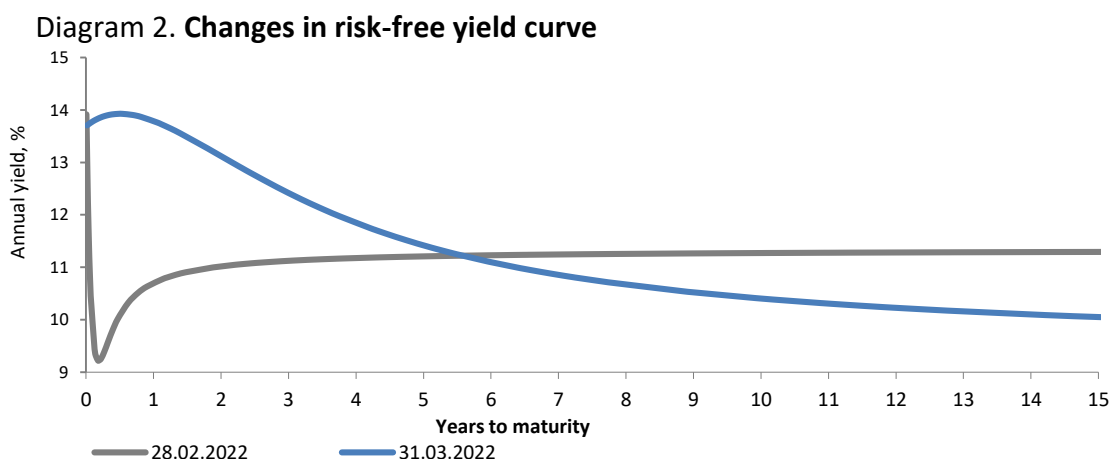
Volume of repayment of short-term notes of the National Bank in March 2022 made 1,448.16 billion KZT.

2. Government securities of the Ministry of Finance of the Republic of Kazakhstan

In March 2022, the Ministry of Finance of the Republic of Kazakhstan made ten placements of short-term (MEKKAM), medium-term (MEOKAM) and long-term (MEUKAM) government securities in the amount of 204.9 billion KZT. Overall, six bond issues were placed in March 2022, which are the government securities with maturities from 1 year to 4 years for an amount of 106.2 billion KZT. The weighted average yield on them ranged from 12.50% to 13.70% per annum.

The volume of securities of the Ministry of Finance of the Republic of Kazakhstan in circulation in March 2022 inched up by 0.21% to 11,151.4 billion KZT.²

At the end of March 2022, risk-free yield curve³ demonstrated an inversion form featuring high profitability on short- and medium-term of up to 5 years against the end of the previous month.



Source: KASE

3. FX Market

In March 2022, KZT exchange rate fluctuated within the range of 459.15 – 512.17 USD/KZT. At the end of March 2022, USD/KZT stock exchange rate was 467.03 USD/KZT, having gained 5.7% for the month.

Total volume of transactions in the USD/KZT currency pair for the month totaled 9.9 billion USD, including volume of stock exchange trading on the Kazakhstan Stock Exchange – 3.4 billion USD, volume of operations on the OTC foreign exchange market – 6.5 billion USD. In the overall volume of operations on the OTC market, one subsidiary bank accounted for 78.6% or 5.1 billion USD (58.5% or 6.0 billion USD in February 2022), which was due to hedging their equity capital from currency risks. These transactions are carried out within the bank group and do not affect the ratio of demand or supply of foreign currency in the domestic foreign exchange market.

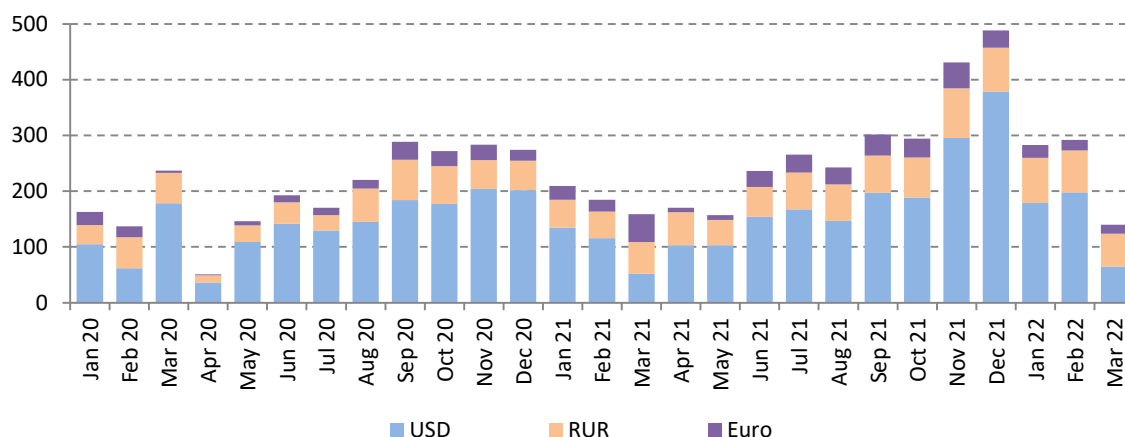
In March 2022, households bought on a net basis foreign currency in cash for an amount equivalent to 140.6 billion KZT. As compared to the previous month, these expenses plummeted by 2.1-fold (292.5 billion KZT in February 2022), volume of net purchases rose by 6.8% year-on-year (131.6 billion KZT). The bulk of expenses were directed to buy USD – 46.2% or 64.9 billion

² Outstanding KZT public stock (excluding public stock in foreign currency).

³ To plot the yield curve was used the method of the yield function determination of public stock of the Republic of Kazakhstan, posted on an official website of the Kazakhstan Stock Exchange.

KZT, Russian rubles – 41.8% or 58.8 billion KZT, Euro – 11.4% or 16.1 billion KZT. By type of currency, spending on USD purchases for the month dwindled by 3.0 times (a 25.2% increase on y/y basis), purchase of the Russian rubles plummeted by 22.0% (up by 2.7% on y/y basis) and purchase of Euro plunged by 16.0% (a 27.7% slash on y/y basis).

Diagram 3. **Dynamics of net sales of foreign currency in cash by exchange bureaus, billion KZT**



4. International Reserves and Monetary Aggregates

Gross international reserves of the National Bank for March 2022, according to tentative data, inched down by 0.9% and totaled USD 33.2 billion.

Foreign currency and gold reserves shrank due to foreign exchange interventions and payment of the external debt. Influence of negative factors was partially offset by a growing gold price and increasing balances on foreign currency accounts of second-tier banks.

International reserves of the country as a whole, including assets of the National Fund in foreign currency (USD 52.7 billion), totaled USD 85.9 billion at the end of March 2022.

Monetary base in March 2022 widened by 0.3% and amounted to 10,791.8 billion KZT (it contracted by 1.5% since the beginning of the year). Narrow monetary base, that is, the monetary base excluding fixed-term deposits of second-tier banks in National Bank, contracted by 8.8% to 7,211.7 billion KZT (a 3.8% expansion since the beginning of the year).

Money supply in March 2022 diminished by 3.9% and totaled 29,517.0 billion KZT (1.9% since the beginning of the year), cash in circulation expanded by 2.2% up to 3,058.6 billion KZT (a growth of 2.0% since the beginning of the year).

5. Deposit Market

Volume of residents' deposits in the depository institutions at the end of March 2022 amounted to 26,458.4 billion KZT, a 4.5% decrease for the month (13.2% growth on y/y basis). Corporate deposits for the month fell by 4.3% to 13,522.2 billion KZT, retail deposits dropped by 4.9%, to 12,936.2 billion KZT.

Volume of deposits in the national currency for the month decreased by 2.2%, to 16,701.1 billion KZT, in foreign currency by 8.2% to 9,757.2 billion KZT. Dollarization level at the end of March 2022 was 36.9% (36.0% in December 2021).

Corporate deposits in the national currency in March 2022 declined by 4.0% to 8,348.9 billion KZT, in foreign currency decreased by 4.7% to 5,173.3 billion KZT (38.3% of corporate deposits).

Retail deposits in KZT edged down by 0.4% to 8,352.2 billion KZT, in foreign currency went down by 12.0% to 4,584.0 billion KZT (35.4% of retail deposits).

Fixed-term deposits totaled 16,962.0 billion KZT, a 5.6% decline for the month. In their structure, deposits in the national currency amounted to 10,833.6 billion KZT, in foreign currency – 6,128.4 billion KZT.

Weighted average interest rate of fixed-term deposits in the national currency of non-bank legal entities in March 2022 was 10.9% (7.2% in March 2021), on retail deposits – 10.0% (9.4%).

6. Credit Market

Volume of bank lending to the economy at the end of March 2022 stood at 19,225.5 billion KZT with a 0.6% increase for the month (a 30.0% surge on y/y basis). Volume of corporate loans for the month decreased down by 0.2% up to 8,057.3 billion KZT, retail loans increased by 1.2% up to 11,168.2 billion KZT.

Volume of loans in the national currency for the month increased by 1.7% to 17,358.0 billion KZT. In their structure, corporate loans grew by 2.4% and retail loans by 1.2%. Volume of loans in foreign currency declined by 8.0% to 1,867.5 billion KZT. In their structure, corporate loans diminished by 8.0% and retail loans by 6.9%. Loans in the national currency accounted for 90.3% at the end of March 2022 (89.7% in December 2021).

Volume of long-term loans for the month increased by 0.2% to 15,971.9 billion KZT, volume of short-term loans grew by 2.8% to 3,253.6 billion KZT.

Lending to small businesses in March 2022 increased by 16.4% to 4,534.6 billion KZT (56.3% of the total volume of loans to the corporate sector).

In March 2022, weighted average interest rate on loans issued in national currency to non-bank legal entities was 14.5% (11.5% in March 2021), to individuals – 18.0% (17.0%).

7. Payment Systems

As of April 1, 2022, 19 payment systems are operated in the Republic of Kazakhstan, including payment systems of the National Bank, money transfer systems, and payment card systems.

In March 2022, 5.6 million transactions amounting to 59.3 trillion KZT were carried out through the payment systems of the National Bank (Interbank Money Transfer System and Interbank Clearing System) (as compared to February 2022, decrease by 2.3% in number, increase by 5.4% in amount). On average, 292.3 thousand transactions worth 3.1 trillion KZT were made through these payment systems daily.

As of April 1, 2022, 19 banks and Kazpost JSC issued payment cards in the Republic of Kazakhstan. Total number of issued and distributed payment cards amounted to 57.7 million cards. In March 2022, 50.9% of these payment cards (29.3 million payment cards) were used for non-cash operations and/or cash withdrawals.

In March 2022, 680.9 million transactions for an amount of 9.9 trillion KZT were carried out using payment cards of Kazakhstan issuers (compared to February 2022, number of transactions rose by 13.4%, amount – by 16.6%). Non-cash payment transactions by number of transactions using payment cards of Kazakhstan's issuers accounted for 96.8% (658.9 million transactions). Volume of non-cash transactions for the same period accounted for 81.3% (8.0 trillion KZT).

In March 2022, the total volume of money remitted via international money transfer systems was 0.23 million transfers for an amount of 88.9 billion KZT. Volume of money transfers soared by 28.1% as compared to February 2022. In the total volume of transfers, 72.4% of the total number (0.17 million transactions) and 91.2% of the total amount (81.1 billion KZT) of transactions were remitted outside from Kazakhstan. In Kazakhstan, 27.6% of the total amount (0.06 million transactions) and 8.8% of the total amount (7.8 billion KZT) were carried out through

money transfer systems. Through international money transfer systems, 0.1 million transactions amounting to 25.6 billion KZT were received from abroad.

8. Pension System

Pension savings of contributors (recipients) as of April 1, 2022 totaled 12,979.5 billion KZT, having decreased in March 2022 by 605.6 billion KZT or by 4.5%.

In March 2022, net income from investment of pension assets fell down by 230.6 billion KZT to 7,203.3 billion KZT as of April 1, 2022.

Number of individual pension accounts of contributors for compulsory pension contributions (given individual pension accounts that do not have pension savings) as of April 1, 2022 totaled 10.9 million accounts.

Amount of pension payments in March 2022 totaled 567.4 billion KZT.

As of April 1, 2022, the bulk of UAPF's total investment portfolio accounts for government securities of the Republic of Kazakhstan and non-government securities of Kazakhstan's issuers (40.7% and 22.6% of the total volume of pension assets, respectively).

For more details mass media can contact:

+7 (7172) 775 210

e-mail: press@nationalbank.kz

www.nationalbank.kz