



Қазақстан қор биржасы
Казахстанская фондовая биржа
Kazakhstan Stock Exchange

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PRESS-RELEASE

city of Almaty

July 16, 2019

KASE presents stock market performance results for Q2 and first half of 2019

Kazakhstan Stock Exchange JSC (KASE, the Exchange) informs about main results of operations for the first half of 2019.

- The total trading volume on KASE amounted to KZT62.3 trillion, which is lower than the same period of 2018 by 3.9% or KZT2.5 trillion.
- The securities market showed a double increase and reached KZT3.1 trillion.
- 34 issuers were listed with securities of 22 companies being included in the Exchange's Official List for the first time, including securities of 16 foreign companies included in the Exchange's Official List at the initiative of brokerage firms.
- The number of listed companies has grown to 175 from 157 since the beginning of the year.
- KASE Index dropped by 0.7 % and amounted to 2,289 points.
- Equity market capitalization for the six months rose by 1.9% to KZT15.8 trillion; the volume of traded corporate debt increased by 7.5% to KZT11.6 trillion.
- The volume of placements on the corporate debt market reached KZT936.5 bn.
- As at July 1, 2019, there were 119,394 personal accounts opened by individuals at the Central Securities Depository, which is by 2,570 accounts more than at the beginning of 2019.

KEY PROJECTS AND ACTIVITIES

KASE implemented the following projects and activities during the first half of 2019 :

- The Board of Directors approved the KASE Development Strategy for 2019-2021 on May 28. The Strategy identifies four key development areas: IT modernization, the launch of central counterparty services, increasing the liquidity and depth of the market, implementation of sustainable development principles.
- KASE and the Moscow Exchange (MOEX) have concluded a deal on January 29 on selling 32,360 shares of KASE as part of the implementation of the Strategic Cooperation Agreement signed earlier by the parties. As a result of the transaction, MOEX's share in the Exchange's capital amounted to 3.32% of outstanding shares.
- First transactions with "long" currency swaps were concluded: One transactions with a monthly swap were made on February 26 for the amount of US \$5 mln and two transactions with weekly swaps worth US \$7 mln (KZT2.9 bn) were made.

- KASE has increased the duration of trading day on foreign currencies as of July 1 and combined trading sessions in this segment of the market.
- A total of 1,167 students from 46 universities participated in the Exchange Simulator competition. The total volume of transactions reached KZT5,989.9 mln; 13,898 transactions were concluded. The purpose of the project is to raise financial literacy of students wishing to broaden their professional knowledge and to acquire practical investment skills. The project has been implemented since 2008. Over 6,000 students from 80 universities of Kazakhstan and the countries of near and far abroad participated in the project over 11 years.
- The Annual General Meeting of KASE shareholders was held on May 30, 2019, which addressed key issues related to the Exchange's activities. The General Meeting of Shareholders approved audited financial statements of the Exchange for 2018.
- KASE and MOEX held joint event for banks and brokerage firms that are KASE members in Moscow on April 4, 2019 within the framework of the Strategic Cooperation Agreement between the two exchanges for the purposes of familiarizing them with the specifics of MOEX's technology solutions.
- As part of the KASE Issuer Day project, meetings were held with investors and professional market participants for KEGOC and the International Finance Corporation (IFC).
- KASE presented the book titled "Building the Future", which is devoted to the history of the Exchange and the financial market of Kazakhstan. The presentation took place on January 17. The book was published in three languages: Kazakh, Russian and English. The publication of the book was dedicated to the 25th anniversary of KASE celebrated in November 2018.
- On March 7, 2019, the Exchange held opening ceremony of "Ring the Bell for Gender Equality" trades as part of the UN Sustainable Stock Exchanges Initiative (the SSE Initiative) and the UN Women in Kazakhstan.
- Five open lectures were held within the framework of the KASE Talks project with the participation of Bolat Zhamishev, Kadyrzhan Damitov, Timur Turlov, Dmitry Zherebyatiev and Sanzhar Kettebekov.
- KASE held awareness-raising workshops for employees of financial and legal departments of companies, private investors and graduates students of the Training Centre of the National Bank of Kazakhstan.
- The Exchange held an event dubbed "Kazakhstan's startup ecosystem: government support, legislation, new financial instruments". The event was held on May 21.
- KASE held a roundtable for small and medium-sized businesses of Atyrau Region in the town of Atyrau on April 10 with the support of the Damu Entrepreneurship Development Fund. Also, the roundtable "Funding SME and big business projects in oil and gas industry" was held with the support of the Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan and KAZENERGY Association on April 9.
- KASE together held the workshop "Refinitiv Day on KASE. Relationships between investors and issuers" with Refinitiv on April 24.
- KASE held workshop "Investor Relations: Effective Communications with Investors" on March 19, 2019.
- KASE held a roundtable for the Baiterek National Management Holding and its subsidiaries to discuss the issues related to the management of temporarily available cash assets on the Kazakhstan Stock Exchange in the city of Nur-Sultan on March 5.

EQUITY MARKET

Equity market capitalization increased by 1.9% or by KZT295 bn and made up KZT15.8 trillion. The growth of the indicator was influenced by the positive dynamics of the prices of a number of shares, as well as by the inclusion of the capitalization of new instruments in the calculation.

There were shares of 138 titles of 123 issuers as at 2019 year-end in the Exchange's trading lists; two share titles of two companies were admitted to non-listed securities sector.

17 new issuers were included in KASE Official List since the beginning of the year, including shares of MMC Norilsk Nickel, Lukoil and Novolipetsk Steel listed in the second quarter. - Securities of these companies are included in the KASE list under the simplified listing procedure at the initiative of a brokerage firm. Securities of 16 companies have been included to the Official List using a simplified procedure since the beginning of the year.

At the same time, shares of eight titles were excluded from the KASE Official List during this period: ordinary shares of JUPITER ENERGY LIMITED, preferred shares of Tsesna Corporation and KazMunayGas Exploration Production were delisted at the issuer's initiative.

Share trading volume in the first half of 2019 amounted to KZT47.6 bn and was by 49.6% or KZT46.8 bn lower than the same indicator in 2018 due to the large number of irregular transactions in the first half of 2018. A total of 51,607 transactions were made in this segment of the market in the first six months of this year: two transactions were made on the primary market and 51,605 transactions were made on the secondary market.

Average daily trading volume amounted to KZT399.7 mln falling by 48.8% compared to 2018. Average number of transactions was 434. Average volume of one transaction was KZT921.7 thous.

The volume of the primary market is estimated at KZT5.2 mln, the only placement was held in Q1 2019.

The share trading volume on the secondary market reduced by 49.3% to KZT47.6 bn. Individuals remain the most active investors in secondary market among main types of investors; their share accounted for 52.7% of the total gross turnover of share trading. The share of the second-tier banks (STBs) was 0.1%, broker-dealers accounted for 24.8%, other institutional investors accounted for 2.7%, and the share of other legal entities was 19.8%. The share of non-residents was 23.7%.

KASE INDEX

KASE Index has dropped by 0.7% or 15.9 points to 2,289 points since the beginning of the year.

Change in prices of shares included into the KASE Index representative list

Issuer	Trade code	Price per share, K'T		Price change,%
		as at January 1, 2019	as at July 1, 2019	in % (year-to-date)
KAZ Minerals PLC	GB_KZMS	2,530.00	2,963.98	+17.15
Halyk Savings Bank of Kazakhstan	HSBK	100.41	116.70	+16.22
Kcell	KCEL	1,850.00	2,049.70	+10.79
Bank CenterCredit	CCBN	234.21	242.45	+3.52
KEGOC	KEGC	1,600.64	1,613.99	+0.83
KazTransOil	KZTO	1,342.00	1,071.16	-20.18
Kazakhtelecom	KZTK	33,499.00	24,205.00	-27.74

KAZ Minerals stocks grew the most and rose by 17.15% to KZT2,963.98. At the same time, the maximum price reached KZT3,630 per share during trading on April 15, when copper price was at its peak values above US \$6,500 per tonne.

Series of positive news continue for Halyk Savings Bank of Kazakhstan. In addition to the positive operating results of the bank, the investor community reacted positively to the renewal of its dividend policy. Late June, the news broke that the Board of Directors of the People's Savings Bank of Kazakhstan approved changes and amendments to the bank's dividend policy, according to which at least 50% and up to 100% of the consolidated annual net income will be spent on dividends. Shareholders were paid dividends for 2018 in the amount of KZT10.78 per share.

According to the results of the first half of the year, Kazakhtelecom, whose shares fell by 27.74% to KZT24,205 by the end of June, has lost more than a quarter of its capitalization. The prices of ordinary shares of the national telecom operator are subject to high volatility amid a number of

important corporate news. Meanwhile, on June 28, Fitch Ratings improved its outlook on ratings of Kazakhtelecom and Kcell to "Positive" by confirming long-term issuer default ratings of the companies at "BB+" and "BB", respectively.

The drop in quotations was registered on ordinary shares of KazTransOil (-20.18%), thus the prices returned to the level of late September 2016. According to market participants, the reason for the fall is that the volume of dividend payments fell short of shareholders' expectations.

CORPORATE BONDS

The volume of corporate debt traded on KASE rose by 7.5% or KZT807.7 bn to KZT11.6 trillion over the six months of 2019.

As at July 1, 2019, there were 248 corporate bond issues of 66 issuers listed in the KASE trading lists. In the first six months of 2019, 13 bond issues of 12 issuers were included in the KASE Official List, of which ten bond issues of 9 issuers were listed in Q2.

KASE_BMY Index (corporate bonds yield index for main market); dropped by 45 b. p. reaching 10.69% APR year-to-date.

The total trading volume on KASE corporate bond market during the first six months of 2019 amounted to KZT1.605 trillion having increased four-fold or by KZT1.184 trillion compared to the similar indicator of 2018. A marked increase was observed both at the primary and the secondary markets.

Average daily trading volume reached KZT13.5 bn. Average number of transactions was 11. Average volume of one transaction was KZT1.2 bn.

Sixteen bond issues of 14 issuers were placed on the KASE market. The total volume of placements reached KZT936.5 bn, which is 5 times higher than in the first half of 2018. This amount includes KZT201 bn were raised in Q2; the rates varied within the corridor from 9.3 to 11.5 % APR. On June 21, Mortgage Organization Kazakhstan Mortgage Company raised KZT593.9 mln at 2.99 % APR for 20 years to finance the purchase of mortgage loans and mortgage bonds of STBs.

According to the results of six months, main categories of investors on the primary corporate bonds market were as follows: the share of STDs accounted for 7.2%, broker-dealers – 0.3%, other institutional investors – 91%, other legal entities – 1.5% and individuals accounted for less than 0.1 %. The share of non-residents amounted to 0.1%.

Trading volume of corporate bonds on the secondary market grew to KZT667.7 bn or three-fold compared to six months of 2018.

Main categories of investors on the secondary corporate bond market were as follows: the share of STDs accounted for 40.9%, broker-dealers – 1.6%, other institutional investors – 28.7%, other legal entities – 28.1%. The share of individuals in this market segment amounted to 0.7%. The share of non-residents is estimated at 1.4%.

GOVERNMENT SECURITIES (GS)

The amount of the sovereign debt traded on KASE at nominal value came to KZT12.1 trillion having increased by 6.7% or KZT758.3 bn since the beginning of the year.

The total volume of trades in GS on KASE amounted to KZT1,107 trillion rose by 74.8% or KZT473.5 bn compared to the same period of 2018.

Average daily trading volume reached KZT9.3 bn. Average number of transactions was 4. Average volume of one transaction was KZT2.6 bn.

The volume of the primary market of GS rose 2.8 times, the activity on the secondary market dropped by 32.3% compared to the corresponding period of the previous year.

In the first half of 2019, the volume of placements amounted to KZT889.2 bn, including administrations of 12 regions, cities of Almaty, Nur-Sultan and Shymkent that raised KZT75.8 bn at 0.35% APR and the Ministry of Finance raised KZT813.4 bn at 8.52-8.94% APR.

In Q2 2019, the volume of placements amounted to KZT524.8 bn, including KZT45.1 bn raised by administrations of 10 regions, cities of Almaty, Nur Sultan and Shymkent; the Ministry of Finance raised KZT479.7 bn. The rates at placement auctions were within the range of 8.52-8.84 % APR.

Main categories of investors on the primary market were as follows: the share of institutional investors accounted for 91.5%, other legal entities – 8.5%.

The trading volume in the secondary market came to KZT217.4 bn having dropped by 32.3% or by KZT103.6 bn. The share of trading in notes of the National Bank on the secondary market still remains high: 96.2% of the total volume of trading.

Main categories of investors on the secondary market were as follows: the share of STDs accounted for 39.6%, broker-dealers – 2.5%, other institutional investors – 34.6%, other legal entities – 23%, individuals – 0.3%. The share of non-residents is estimated at 0.2%.

IFI BONDS

There were 26 bond issues of five international financial institutions in KASE trading lists as at the end of the reporting period: Asian Development Bank, Eurasian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation (IFC).

12 bond issues of 5 issuers were included in the Official List since the beginning of 2019, including 5 bond issues included in Q2: two issues of the Eurasian Development Bank and three issues of the European Bank for Reconstruction and Development.

Trading volume over the past period amounted to KZT333.7 bn, which is higher than the result for the same period of 2018 by 6.7 times or by 283.7%.

Trading volume on the primary market reached KZT333.1 bn.

- The Asian Development Bank raised KZT30.5 bn by placing five- and seven-year bonds, setting a margin of 1% and 1.3% APR above inflation rate, respectively;
- IFC raised KZT22.9 bn through subscription by placing two-year Eurobonds at 8.95% APR;
- The Eurasian Development Bank raised KZT70 bn by placing three- and five-year bonds at 9.7% and 9.5 % APR, respectively, and KZT9.8 bn by placing discount three-month bonds with weighted average yield of 9.2032 % APR;
- The European Bank for Reconstruction and Development raised KZT200.0 bn through subscription by placing five, six and seven-year Eurobonds with a margin of 0,5-1% APR.

Trading volume on the secondary market amounted to KZT590.8 mln.

Main categories of investors on this sector were as follows: the share of STDs accounted for 4.9%, broker-dealers – 0.2%, other institutional investors – 82.5%, other legal entities – 12.4%, individuals accounted for less than 0.1%.

UNITS OF INVESTMENTS FUNDS

As at July 1, there were seven instruments managed by six companies in the sector "Securities of investment funds".

Trading volume over the past period amounted to KZT405.2 mln, which is higher 2.2 times or by 221.5 mln than the result for the same period of 2018. Units of the Eurobond Fund IUUT managed by Centras Securities have largest trading volume (KZT172.6 mln). CenterCredit - Valyutniy IUUT managed by BCC Invest – subsidiary of Bank CenterCredit ranked second with the trading volume of KZT91.5 mln.

The largest number of transactions was made with shares E_FXBF of subfund FinEx FFIN Kazakhstan Equity ETF (KASE Index ETF): 109 transactions for the total amount of KZT11.5 mln. A total of 53 accounts were involved in transactions with this instrument according to the results of six months, and 37 accounts at the end of Q1.

Main categories of investors were as follows: individuals accounted for 34.1%, broker-dealers accounted for 5.6%, other legal entities accounted for 60.3%.

ACCOUNTS OF INDIVIDUALS ON THE SECURITIES MARKET

As at the end of June, there were 119,394 personal accounts opened by individuals at the Central Securities Depository, which is by 357 accounts more than a month earlier and by 2,570 accounts more than as at the beginning of 2019.

FOREIGN EXCHANGE MARKET

In the first half of this year, 31 KASE members participated in trading on the foreign exchange market.

Total trading volume in the foreign exchange market amounted to KZT5.7 trillion, which is lower by 14% or KZT927.1 bn than similar indicator of the last year. The average daily trading volume amounted to KZT47.7 bn, average number of transactions was 318, average volume of one transaction was KZT150.2 mln.

Despite the presence of factors specific to each particular year, the dynamics of the USD/KZT currency pair quotes are of seasonal nature. The tenge in the first half of the year - after the New Year holidays, mainly strengthened against the dollar, making a reversal in the run-up to the summer holiday season. Since the beginning of this year, the price of one dollar on KASE has been near its all-time peak, but the volatility of the exchange rate was insignificant compared to previous years.

The upward trend continued for the quotes of RUB/KZT currency pair, which at the end of June updated its all-time peak reaching KZT6.06 (previous high was KZT6.01 in October 5, 2017).

The following table shows main characteristics of currency pairs traded on KASE (parentheses indicate the change of an indicator to the previous period of the last year, the change in the exchange rate reflects nominal change in weighted average exchange rate of a foreign currency to tenge).

Currency pair	Volume, mln units of currency	Share in trades volume, %	Number of transactions	Min. and max. exchange rates, Number of quoted currency for the unit of base currency	Exchange rate at the end of the month (%)
USD/KZT	14,865.0 (-25.7 %)	99.3 % (+0.27 %)	36,821 (-2,974)	373.56 – 384.53	380.53 (-1.0 %)
RUB/KZT	-3,249.0 (-46.5 %)	0.3% (-0.17 %)	490 (-244)	5.6029 – 6.0555	6.0431 (+9.2 %)
CNY/KZT	166.7 (+84.0 %)	0.2% (+0.09 %)	367 (+148)	54.2815 – 56.6900	55,2679 (-0.05 %)
EUR/KZT	32.1 (+1.0 %)	0.2 % (+0.05 %)	131 (+24)	421.60 – 438.10	432.35 (+1.3 %)

MONEY MARKET

TONIA indicator dropped by 78 b.p. to 9.04% APR by the end of June. TWINA indicator (weighted average interest rate on seven business days repo opening deals) rose by 34 b.p. to 8.61% APR.

The yield of one-day dollar swap SWAP-1D (USD) at the end of June reached 7.09% APR having decreased by 34 b.p. since the beginning of the year. The yield of two-day swap SWAP-2D (USD) was up 51 b.p. to 7.89% APR.

In the first six months of 2019, KazPrime-3M (KZT) continued to move along the upper limit of the base rate of National Bank having decreased by 25 b.p. to 10 % APR. 10 % APR

MM_Index, a composite indicator of the money market representing the average value of average weighted interest rates (yield) on USD/KZT currency swap transactions and one-business day autorepo transactions in government securities, increased by 37 b.p. to 8.63% APR by the end of June.

Repo market

Trading volume in this segment amounted to KZT37.5 trillion, which is by 1% lower than in the same period of the last year. The average daily trading volume amounted to KZT315.1 bn, average daily number of transactions was 375, average volume of one transaction was KZT841.2 bn.

97.9% of the total volume of repo opening transactions accounted for the GS auto repo transactions. One-day repo transaction, which accounts for more than 92.7% of the total volume of trades in the GS auto repo market, remains the most popular instrument on the GS auto repo market. -

44 members of the Exchange participated in trades on the repo market in the first half of the year. More than 87% of the total trading volume in this segment was represented by banks. The share of non-residents in the reporting month was insignificant and amounted to 0.7%.

Currency swap transactions

Trading volume on the currency swap market dropped by 15% to KZT16 trillion. The average daily trading volume amounted to KZT134.8 bn, average daily number of transactions was 47, average volume of one transaction was KZT2.9 bn. Over 83,1% of the total trading volume (KZT13.3 trillion or US \$35.2 bn) in the structure of instruments of the currency swap market accounted for two-day currency swaps (USDKZT_0_002).

Fifteen transactions with weekly swaps worth US \$165 mln (KZT67.2 bn) with a yield spread 6.6-8.5% APR and 14 transactions with monthly swaps worth US \$124 mln (KZT47.4 bn) with a yield spread of 7-7.7% APR have been concluded since the beginning of trading in long swaps.

DERIVATIVES MARKET

Currently, the futures, whose underlying assets are represented by the US dollar, KASE Index and particular stocks are available for trading in this sector of the exchange market. No futures transactions were made in the first half of 2019. There were no open positions held by participants of the derivatives market by the beginning of July.

For reference

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region. KASE ranks second among the CIS exchanges on the volume of trading in securities, and it also ranks sixth on equity market capitalization among FEAS stock exchanges.

It is a universal trading platform for corporate and government securities, bonds of international financial institutions, foreign currencies, money market transactions (repo and swap as well as derivative instruments). KASE is the member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations. It also participates in the UN Sustainable Stock Exchanges Initiative.

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