



## PRESS-RELEASE

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### **KASE presents stock market performance results for Q1 2019**

Kazakhstan Stock Exchange JSC (KASE or the Exchange) informs about main results of operations for Q1 2019.

- Total trading volume on KASE amounted to KZT31,7 trillion over the three months of 2019 and decreased by 6.2% or KZT2,1 trillion compared to the similar period of 2018.
- The securities market, where the trading volume grew 3.5 times and reached KZT1,854.7 trillion, showed positive dynamics.
- Securities of 16 new issuers were listed.
- A total of 412 security titles of 174 issuers were available for trading on KASE as at April 1. The number of listed shares and the number of their issuers grew to 138 and 123, respectively
- KASE Index increased by 6.8% and made up 2,461.26 points.
- Equity market capitalization rose by 2.9% to KZT15,9 trillion since the beginning of the year.
- Volume of placements on the bond market reached KZT1,203 trillion.
- As at April 1, 2019, there were 118,537 personal accounts opened by individuals at the Central Securities Depository, which is by 1,713 accounts more than at the beginning of 2019.

### **KEY PROJECTS AND ACTIVITIES**

KASE implemented the following projects and activities during the three months of 2019:

- On March 29, 2019, an opening ceremony for training trading under the KASE Stock Simulator project was held. The purpose of the project is to increase the financial literacy of students wishing to broaden their professional knowledge and to acquire practical investment skills. The project is being implemented since 2008. Over 6,000 students from 80 universities of Kazakhstan and the countries of near and far abroad participated in the project during 11 years.
- On March 20, an open lecture by Dmitry Zhrebyatiev under the KASE Talks project was held. This would be the eighth lecture under this project that envisages events with participation of prominent Kazakh financiers, who have made significant contribution to the making of the financial system and the financial market of the Republic of Kazakhstan.
- On March 19, 2019, KASE held workshop "Investor Relations: Effective Communications with Investors".
- 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. KASE joined the UN Initiative on September 24, 2015. On average, about 70 exchanges around the world support this event each year.
- On February 26, 2019, KASE held introductory lectures for postgraduate students of the Kazakh National Bank's Training Center. KASE representatives delivered lectures and presentations on

such topics as "KASE as a platform for raising finances", "Listing requirements and disclosure", "KASE website: information search and management", "How to trade on the Exchange".

- On February 26, 2019, KASE conducted Stock Market Basics training program for employees of financial and legal departments of local companies.
- On February 26, 2019, first transactions with "long" currency swaps were made: one transaction with one-week swap for the amount of US \$5 mln (KZT1.9 bn) and two transactions with weekly swaps for the amount of US \$7 mln (KZT2.6 bn). All transactions were made at the rate of 7.5 % APR.
- On January 29, 2019, KASE and MOEX concluded the first deals on the sale of 32 360 shares of KASE as part of the implementation of the previously signed agreement on strategic cooperation. As a result of the sale of KASE shares, the MOEX share in the capital of the Exchange amounted to 3.32% of the outstanding shares.
- On January 24, an open lecture by Timur Turlov under the KASE Talks project was held. Eight lectures by prominent Kazakh financiers, who have made significant contribution to the making of the financial system and the financial market of the Republic of Kazakhstan, were organized as part of this project.
- On January 17, 2019, KASE presented the book titled "Building the Future", which is devoted to the history of the Exchange and the financial market of Kazakhstan. 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.

## EQUITY MARKET

Equity market capitalization grew by 2.9% (+ 3% in dollar terms) or KZT445.2 bn and amounted to KZT15.9 trillion since the beginning of the year. The increase in prices of a number of shares and the inclusion of new instruments in the indicator calculation had influenced the increased value of the indicator.

There were 138 share titles of 123 issuers as at the end of March 2019 in the KASE trading lists; two of them were admitted to non-listed securities sector.

Ordinary shares of North Caspian Petroleum and 13 shares of foreign companies were admitted to the KASE Official List since the beginning of the year: Yandex N.V., Apple Inc., Facebook Inc., FORD, Intel Corporation, The Coca-cola Company, Microsoft Corporation, NIKE, Inc., Pfizer Inc., Starbucks Corporation, Tiffany & Co., Tesla, Inc., Exxon Mobil.

At the same time, **shares of five titles** were excluded from the KASE Official List during this period: preferred shares of Kaspi.kz were delisted due to their exchange for ordinary shares, ordinary and preferred shares of Kaspi Bank, ordinary shares of Scipio and ordinary shares of ALATAU-KUS. Ordinary shares of GLOTUR DS MULTIMEDIA were excluded from "Non-listed Securities" sector due to absence of deals in them within 90 calendar days.

**Volume of trading in shares** amounted to KZT24.6 bn over the three months of 2019 and decreased by 45.4% or KZT20.5 bn compared to 2018.

A total of 23,742 transactions were made in this market segment: 2 on the primary market and 23,740 transactions on the secondary market.

Average daily trading volume amounted to KZT432.2 mln falling by 43.5% compared to 2018. Average number of transactions was 417. Average volume of one transaction was KZT1.1 mln.

Ordinary shares of Ferro-Alloy Resources Limited have been placed through subscription on the primary market during Q1 2019. The main activity of the company: mining, processing and sales of vanadium containing ores and by-products. One KASE member, whose clients have filed two orders for purchase of 14,908 shares (0.2% of the supply), took part in the subscription. The orders were received from individuals. A cut-off price of GBP0.7 (equivalent to KZT348.698) was set based on the results of the subscription. Both orders have been executed. Total sales volume amounted to GBP10,435.6 (equivalent to KZT5,198,389.8).

Also, during the reporting period:

- 493,335 ordinary shares US\_FRHC of FREEDOM HOLDING CORP. were sold at KZT3,047.31 per share for the amount of **KZT1.5 bn** as part of the subscription. Three KASE members, who submitted orders for the purchase of 493,448 shares (92% of the supply) took part in the subscription. 651 orders came from individuals (650 accounts), two orders have been received from brokers customers' accounts (other legal persons that are non-institutional investors). 652 orders were executed as a result of the subscription: 650 orders of individuals for purchase of 489,144 shares amounting to KZT1.5 bn (99.2%) and two orders of legal entities to purchase 4,191 shares for the amount of KZT12.8 mln (0.8%);
- LOTTE CONFECTIONERY CO., LTD, the main shareholder of Rakhat JSC, acquired 112.4 thous. shares of Rakhat at the price of KZT20,228 per share for the amount of KZT2.3 bn as part of special trading sessions on purchasing ordinary shares. 8 KASE members took part, 94 orders were recognized as active. The share of broker-dealers in the total volume of active orders accounted for 0.7%, the share of legal entities that are not professional participants of the market amounted to 64.6%, the share of individuals was 34.7%. All orders were executed.
- KazMunaiGas bought back on KASE 115,382 preferred shares for the amount of KZT1.5 bn during the first two months of 2019. Additional special trading session was held on February 22, 2019 for final settlements with shareholders in order to fully execute client orders taken by the broker during buyback programme (until January 30, 2019). A total of 1,239,087 pieces of preferred shares for the total amount of KZT15.9 bn have been bought back within the framework of KazMunaiGas Exploration Production's buyback programme on KASE. Thus, KazMunaiGas Exploration Production completed buyback programme for its preferred shares.

The volume of trading in shares in the secondary market reduced by 45.4% to KZT24.6 bn.

Individuals remain the most active investors in secondary market among main types of investors; their share accounted for 49.5% of the total gross turnover of trades in shares. The share of broker-dealers accounted for 21.8%, other institutional investors accounted for 3.8%, the share of other legal entities was 24.9%. Second-tier banks (STBs) did not participate in share trading since the beginning of the year. The share of non-residents is estimated at 24.9%.

### KASE Index

KASE Index have risen by 6.8% or 156.3 points to 2,461.26 points since the beginning of the year.

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

Issuer	Trade code	Price, KZT per share		Price change,% in % (year-to-date)
		in tenge at January 1, 2019	in tenge at April 1, 2019	
KAZ Minerals PLC	GB_KZMS	2,530.00	3,195.00.	+26.28%
Halyk Savings Bank of Kazakhstan	HSBK	100.41	112.01	+11.55%
Kcell	KCEL	1,850.00	2,010.00	+8.65%
KEGOC	KEGC	1,600.64	1,712.89.	+7.01%
KazTransOil	KZTO	1,342.00	1 395,00.	+3.95%
Bank CenterCredit	CCBN	234.21	233.01	-0.51%
Kazakhtelecom	KZTK	33,499.00	29,499.99	-11.94%

A sharp increase of quotations in January and February and further trading along a sideways trend in March made sure that KAZ Minerals PLC's equity instruments were among the growth leaders of the shares in the representative list. Main growth drivers were utilized by the market players during the first two months of this year. We remind that in January the company reported a 14-per-cent increase in the copper production in 2018 to 294.7 thous. tonnes, which corresponds to the upper limit of the planned annual range of 270-300 thous. tons. The company published audited financial results for 2018 late February, where it showed improved operating performance. In addition to the above, copper prices, the main product manufactured by KAZ Minerals PLC, were rising amid market

expectations about positive outcome of trade negotiations between the U.S. and China. Since the beginning of the year, quotes of copper on the London Metal Exchange rose by 8.7%.

The rally on the shares of Halyk Savings Bank of Kazakhstan started early February in the run-up to the publication of financial statements. Investors have positively evaluated the results of the operations in 2018 of Kazakhstan's largest bank after its takeover of Kazkommertsbank. In early March, Halyk Savings Bank of Kazakhstan reported consolidated financial results for 2018. According to the bank, the profit of KZT254.2 bn was received in 2018, which is by 46.7% higher than a year earlier. It was recommended to spend about 50% of net profit on dividends i.e. KZT10.78 per share. The annual general meeting of shareholders scheduled for 18 April will approve final amount of dividends among other issues.

Quotations of equity instruments of Kcell and KEGOC also had a significant effect on KASE Index growth. Prices for ordinary shares of these issuers have soared at the last trading day of the reporting quarter amid increased demand from foreign investors. Thus, the end of March was marked by the achievement of a new historic high in the prices of KEGOC's stocks and renewal the more than four-year highs of Kcell's stock prices. However, the stocks failed to gain a foothold on the new levels. There was a price correction on the first trading day of April.

The largest price slump was seen on ordinary shares of Kazakhtelecom, which have decreased by 11.94 % to KZT29,499.99 KZT. Stock prices of the national telecommunications company continued to gradually recover in March after a strong decline in January. Late March, the company published audited consolidated financial statements for 2018 previously approved by the Board of Directors. Non-current assets of the company increased by 85% thanks to the increase of fixed assets and intangible assets. The company's operating performance indicators demonstrate positive dynamics: operating profit grew by 11% to KZT37.1 bn, net profit reached KZT42.9 bn that is by 73% more than in 2017.

## **CORPORATE BOND MARKET**

The volume of corporate debt traded on KASE rose by 7.8% or KZT838.7 bn to KZT11.6 trillion over the three months of 2019.

There were 244 issues of corporate bonds of 63 issuers in the KASE trading lists as at April 1, 2019. Three bond issues of three issuers were included in KASE Official List during the three months of 2019: Nurbank, Fund of Problem Loans, and Wholesale and Retail Trade Venture.

KASE\_BMY, corporate bonds yield index for main market, fell by 46 b.p. to 10.68% APR since the beginning of the year.

The total trading volume on KASE corporate bond market during the three months of 2019 amounted to KZT1.261 trillion having increased 16 times or by KZT1.183 trillion relative to the similar indicator of 2018. A marked increase was observed both at the primary and the secondary markets.

Average daily trading volume reached KZT22.1 bn. Average number of transactions was 13. Average volume of one transaction was KZT1.7 bn.

In total, ten issues of bonds of nine issuers were placed on KASE. The volume of funds raised was KZT735.5 bn and grew 13.2 times or by KZT679.7 bn. The rates amounted to 9-12% APR.

There were two placement of corporate bonds in March 2019. ATFBank raised KZT60 bn selling seven-year bonds at 10.95% APR; Bank CenterCredit raised KZT27.7 bn placing bonds with the term to maturity of 6.8 years at 10.95% APR.

Main categories of investors on the primary corporate bonds market were as follows: the share of STDs accounted for 1.5%, broker-dealers – 0.03%, other institutional investors – 97%, other legal entities – 1.4% and individuals – less than 0.1%. The share of non-residents was less than 0.1%.

Trading volume of corporate bonds on the secondary market grew. The volume of trading in corporate bonds on the secondary market increased by KZT503.8 bn to KZT525.8 bn during the reporting period.

Main categories of investors on the secondary corporate bonds market were as follows: the share of STDs accounted for 48.3%, broker-dealers – 1%, other institutional investors – 31.5%, other legal entities – 18.7%. The share of individuals in this market segment amounted to 0.5%. The share of non-residents is estimated at 1.3%.

## GOVERNMENT SECURITIES (GS) MARKET

The amount of government debt at the face value, being traded on KASE, made up KZT11.4 trln, having increased by KZT42.7 bn, or 0.4 %, since the beginning of the year.

The total amount of the GS trading on KASE made up KZT463.6 bn, increasing 3.6 times, or by KZT333.2 bn, YoY.

The average daily amount of trading made up KZT8.1 bn (on the secondary market – KZT1.7 bn). The average daily number of transactions – 4 (on the secondary market – 3). The average amount of one deal – KZT2 bn (on the secondary market – KZT703.4 mln).

The amount of trading on the GS primary market increased 7.6 times, the activity on the secondary market increased by 19.8 % YoY.

Over three months of 2019 there were three offerings in the amount of KZT364.4 bn, of which KZT30.7 bn were raised by Akimdiqs of five regions, the cities of Astana and Shymkent. The Ministry of Finance raised KZT333.8 bn under 8.60–8.94 % APR, by additionally offering ten long-term bond issuances with current maturities varying from 10.6 years to 19.8 years.

In terms of main investor categories on the primary market, institutional investors accounted for 91.6 %, legal entities – for 8.4 %.

The amount of trading on the secondary market increased to KZT99.2 bn, increasing by 19.8 %, or by KZT16.4 bn. The share of trading in notes of the National Bank on the secondary market still remains at a high level – 96.5 % of the total trading amount.

In terms of main investor categories on the secondary market, STBs accounted for 50.0 %, brokers and dealers – for 3.3 %, other institutional investors – for 21.2 %, other legal entities accounted for 25.2 %, individuals – for 0.3 %. Non-residents' share was 0.4 %.

## IFI BONDS

As at the end of the reporting period, KASE trading lists featured 22 bond issuances of five international financial institutions, among which there were: Asian Development Bank, Eurasian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation (IFC).

Eight bond issuances were included in the official list in the first quarter of 2019: two issuances of Asian Development Bank, two issuances of the Eurasian Development Bank, two issuances of the European Bank for Reconstruction and Development, one issuance of the International Finance Corporation and one issuance of the European Investment Bank.

The amount of trading in the elapsed period made up KZT103.3 bn. No deals were concluded in this sector in 2018.

The amount of trading in the primary sector made up KZT103.1 bn:

- Asian Development Bank raised KZT30.5 bn, by offering seven-year and five-year bonds with a margin of 1.3 % and 1 % APR above the inflation, respectively;
- IFC raised KZT22.9 bn through a subscription, by placing two-year international bonds at 8.95 % APR;
- Eurasian Development Bank raised KZT20.0 and KZT9.8 bn, by placing three-year bonds at 9.7 % APR and discount three-month bonds at 9.0–9.3458 % APR, respectively;
- European Bank for Reconstruction and Development KZT20.0 bn, by placing seven-year international bonds at a margin of 1.0 % APR.

The amount of trading on the secondary market made up KZT123.2 mln.

Overall in this sector, in terms of main investor categories STB accounted for 9.5 %, brokers and dealers – for 0.1 %, other institutional investors – for 59.6 %, other legal entities made up 30.8 %.

## SECURITIES OF INVESTMENT FUNDS



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

The amount of trading in the elapsed period made up KZT85.4 mln, which is up by 69.8 % YoY. The leaders in terms of volume were units CSECgm (KZT37.5 mln; 3 transactions) managed by Centras Securities, units US\_SPY\_ (KZT27.2 mln; 30 transactions) managed by State Street Global Advisors were on the second place; units CSECfe (KZT14.2 mln; 18 transactions) managed by Centras Securities – on the third place, shares IE\_FXBF of the sub-fund FinEx FFIN Kazakhstan Equity ETF (KZT6.5 mln; 61 transactions) occupied the fourth place.

In terms of main investor categories, individuals accounted for 49.8 %, legal entities not being professional participants of the securities market – for 31.3 %, brokers and dealers – for 18.9 %.

### INDIVIDUAL ACCOUNTS ON THE SECURITIES MARKET

As at the end of March, there were 118,537 personal accounts opened by individuals at the Central Securities Depository, which is by 353 accounts more than a month before, and by 1,713 accounts more than at the beginning of the year.

### FOREX MARKET

28 out of 30 members of KASE of the currency category took part in the trading on KASE's forex market in the first quarter of this year.

The amount of trading on the Forex market reached KZT2.565.1 trln, which is down 17.0 %, or KZT526.0 bn, on last year.

The average daily amount of trading made up KZT45.0 bn.

The average daily number of transactions – 277.

The average amount of one deal – KZT162.4 mln.

The situation with the tenge on the currency market in the first quarter was positive, on the whole. That was possible thanks to a favorable external background, as well as the stable macroeconomic conditions in the country.

The table below provides main characteristics of currency pairs traded on KASE (in the brackets: the YoY change in the indicator, the rate change reflects the nominal change of the weighted average exchange rate of the foreign currency against the tenge).

Pair	Amount, mln currency units	Weight in the trading amount, %	Number of deals	Min. and max. rates, qty. of the quoted currency per base currency	Rate at the end of the month (chg.%)
USD/KZT	6,742.8 (-29.0 %)	99.2 % (-0.12 %)	15,317 (-4,665)	373.56 – 382.74	380.04 (-1.1 %)
RUB/KZT	1,477.4 (-46.9 %)	0.3 % (-0.18 %)	246 (-36)	5.6029 – 5.8963	5.8674 (+6.0 %)
CNY/KZT	73.1 (+70.2 %)	0.2 % (+0.09 %)	175 (+77)	54.2815 – 56.5789	56.4344 (+2.1 %)
EUR/KZT	18.5 (x 2.4)	0.3 % (+0.21 %)	57 (+18)	423.13 – 438.10	427.59 (+0.2 %)

### MONEY MARKET

By the end of March the TONIA indicator increased by 3 b.p. to 8.29 % APR. The value of the TWINA (weighted average interest rate on opening repo transactions with a term of seven business days) showed a 2 b.p. decrease to 8.25 % APR

Short-term borrowing rates in the USD-swap segment showed a decrease. The yield of the one-day dollar swap SWAP-1D (USD) at the end of March reached 6.92 % APR, decreasing by 51 b.p. since

the beginning of the year. The yield of the two-day swap SWAP-2D (USD) decreased by 49 b.p. to 6.89 % APR.

Over the first three months of 2019 the KazPrime-3M (KZT) continued moving along the upper limit of the base rate of the National Bank at 10.25 % APR.

The composite money market indicator MM\_Index, representing a transaction amount-weighted average yield on currency swap transactions USD/KZT and GS auto repo transactions, opened for one business day, increased by 1 b.p. to 8.27 % APR by the end of March.

### **Repo transactions market**

The amount of trading in this segment reached KZT19 trln: up 0.4 % YoY. The average daily amount of transactions made up KZT334.1 bn, the daily average number of transactions – 377, the average amount of one deal – KZT885.7 mln.

98 % of the total amount of opening repo transactions fell on GS basket auto repo transactions. The one-day repo transaction remains the most popular instrument on the GS basket auto repo market: its share in the total amount of trading on the GS basket auto repo market is 92.3 %.

A total of 44 members of the Exchange participated in transactions on the repo market in the first quarter. Non-residents' share was insignificant in the quarter under review: 0.6 %.

### **Currency swap market**

The amount of trading on the currency swap transactions market decreased by 26.4 % to KZT8.3 trln. The weighted average amount of transactions made up KZT145.2 bn, the daily average number of transactions – 58, the average amount of one transaction – KZT3.1 bn. In the instrumental structure, 83.3 % of the total trading amount (KZT6.9 trln, or USD18.3 bn) on the currency swap market fell on two-day currency swaps (USDKZT\_0\_002).

Trading in currency swap transactions with execution terms of one week, one month and three months with regard to the currency pair US dollar / Kazakh tenge opened on KASE on February 18, 2019. First deals in "long" currency swaps were concluded on February 26 – one deal in one-month swaps in the amount of USD5.0 mln (KZT1.9 bn) and two deals in one-week swaps in the amount of USD7.0 (KZT2.9 bn) at a rate of 7.50 % APR.

### **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 quarter. There were no open positions held by trading participants on the derivatives market by the beginning of April.

### **For reference**

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region. 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 a member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative. KASE occupies the second place among the CIS exchanges in terms of securities trading volume, as well as the sixth rank in terms of the equity market capitalization among the FEAS exchanges.

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