



PRESS-RELEASE

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KASE presents stock exchange market performance results for the first half of 2018

Kazakhstan Stock Exchange JSC (KASE, the Exchange) informs about main results of operations for the first half of 2018.

- Trading volume of the securities market has grown 2.3 times in the first half of 2018 and reached KZT1,475.3 bn.
- Secondary market of stocks, corporate bonds and government securities has intensified its operations: the trading volume in the first half of 2018 grew by 13.1%, 13 times and 3 times, respectively, compared to the similar period of 2017.
- KASE Index rose by 12% to 2,412.01 points over the reporting period.
- Seven new issuers were listed on KASE in the first half of 2018.
- As at July 1, 2018, there were 124 share titles of 109 issuers, 249 corporate bond issues of 65 issuers in the KASE trading lists.
- KazMunaiGas bought back its ordinary shares worth KZT9 bn and global depository receipts (GDRs) worth US \$868 mln on KASE. Settlements on GDRs were made in US dollars.
- The Eurasian Development Bank raised KZT50 bn offering three-year bonds at 9.10% in "Securities of International Financial Organization" sector.
- As at July 1, 2018, there were 109,716 personal accounts opened by individuals at the Central Securities Depository, which is by 471 accounts more than at the beginning of 2018.

KEY PROJECTS AND ACTIVITIES

The Exchange implemented the following projects and carried out the following activities within the framework of the implementation of the 2016-2018 Development Strategy:

- KASE has launched KASE Startup platform in order to establish communications between startup companies and investors on April 9, 2018. In June 2018, the platform was presented in the city of Almaty and in the Astana Hub international technopark of IT startups in the city of Astana.
- On June 15, 2018, KASE launched KASE Private Market to provide SMEs incorporated as LLPs an alternative source of funding without the necessity of obtaining the status of a public company.
- Brokerage firms were given the right to participate in foreign currency trading on KASE.
- KASE and the Moscow Exchange have signed a strategic cooperation agreement as part of facilitating the development of the common Eurasian Economic Area and the establishment of the common financial market of the Eurasian Economic Union (EAEU) member-states.
- Also, trading in new financial instruments opened on KASE:

CNYKZT_0_001 and CNYKZT_0_002 are foreign currency swap transactions with the currency pair the yuan of the People's Republic of China/ Kazakhstani tenge; trades will be conducted as part of the morning trading session from 10:15 a.m. to 11:00 a.m. Almaty time (ALT).

RUBKZT_0_001 and RUBKZT_0_002 are foreign currency swap transactions with the currency pair Russian ruble / Kazakhstani tenge;

RUBKZT_SPT – Russian ruble with settlements T+2 in tenge.

- New version of the NEXT trading system with embedded additions and expanded functionality was put into operation.
- The Exchange took active part in plenary meetings of the Astana Economic Forum devoted to finance of the future and development of technology in the financial sector.
- KASE held consultative meeting with business community of East Kazakhstan Region with the support of the Atameken National Chamber of Entrepreneurs in the town of Ust-Kamenogorsk on March 2.
- KASE conducted a joint roundtable with the Damu Entrepreneurship Development Fund on the topic "The Introduction of Islamic Financing in the Republic of Kazakhstan" on March 5.
- On March 7, KASE held an opening ceremony for the trades "Ring the Bell for Gender Equality" under the UN Sustainable Stock Exchanges initiative and the UN Women.
- KASE held a joint roundtable with the International Finance Corporation (IFC) dubbed "Disclosure of Information in Accordance with the Criteria of Sustainability, Social Responsibility and Corporate Governance" on March 15.
- KASE conducts a free-of-charge training program for university students on the theme "How to Trade on the Securities Market" on a quarterly basis as part of the Global Money Week, global annual campaign aimed at raising financial awareness of children and young people.
- On March 29, the Exchange has launched open lecture series dubbed KASE Talks on the occasion of its 25th anniversary. Three 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.
- KASE held a number of training events for representatives of Samruk-Kazyna Corporate University and the Baiterek National Management Holding.
- Outreach meetings with potential issuers, the Issuer's Days and training workshops were held as part of implementing a task of attracting issuers. The Exchange took part in three regional forums with the theme of "Kazakhstan Stock Exchange: a platform for attracting financing."
- In 2018, KASE plans to introduce Central Counterparty function at the foreign currency market in order to minimise the risk of default by trades participants in respect of transactions concluded during trades.
- It is planned to launch trading and settlements on transactions in Eurobonds and US dollars in 2018. For the convenience of trades participants, it will be suggested to make settlements on Eurobonds both in Kazakhstani tenge and in US dollars.

Main stock market indicators

The volume of exchange-based trading amounted to KZT64.8 trillion based on the results of the first half of 2018, which is by KZT23.8 trillion or 26.9% lower than in respective period of the last year.

However, several market segments showed positive trends. The securities market grew 2.3 times and foreign exchange market was up 24.2%; money market was down 31.4%.

EQUITY MARKET

As at the end of June, there were 124 titles of shares issued by 109 issuers including shares of three companies in the unlisted market in the Exchange's trading lists.

Shares of the following seven companies were included in the Exchange's official list during the reporting period: Crystal Management, Investment House Fincraft, Joint Resources, Pension Assets Investment Management Company ZHETYSU, Kazakhmys Copper, Kaspi.kz and KAZAKHALTYN

Mining-Metallurgical Concern. One issue of common shares of Rannila Kazakhstan was admitted to the "Unlisted securities" sector.

Equity market capitalization was down by KZT364.7 bn or 2.1% and reached KZT16.8 trillion year-to-date. A significant decrease in the capitalization was recorded in May due to the removal of KazMunaiGas ordinary shares from the KASE official list.

In the first half of the year, KASE Index grew by 249.3 points or 12% to 2,412.01 points. Most shares in the KASE Index basket in the first half of 2018 showed steady growth thanks to positive financial results at year-end 2017, specific corporate cases and favourable commodity market trends. However, small correction of prices was observed in the last decade of June as a result of dividends payouts and falling copper prices.

Changes in prices of shares included in the KASE representative list

Issuer	Trade code	Price, KZT per share			Price change,%	
		at January 1, 2018	as at June 1, 2018	as at July 1, 2018	in June	YTD
Kazakhtelecom	KZTK	20,505.0	33,800.0	33,890.0	+0.3%	65.3%
Bank CenterCredit	CCBN	197.2	294.3	282.0	4.2%	43.0%
Halyk Bank	HSBK	82.6	104.0	102.1	1.9%	23.6%
KAZ Minerals PLC	GB_KZMS	3,800.0	4,362.1	4,000.0	8.3%	5.3%
KazTransOil	KZTO	1,337.0	1,538.0	1,400.0	9.0%	4.7%
KEGOC	KEGC	1,389.0	1,449.0	1,450.0	0.1%	4.4%
Kcell	KCEL	1,784.0	1,650.0	1,600.0	3.0%	10.3%

Shares of Kazakhtelecom grew the most since the beginning of the year having increased by 65.3% or KZT13,385.00 to KZT33,890.00 per share. Prices of the company's stocks are rising in anticipation of the decision of the Committee on Regulation of Natural Monopolies, Competition Protection and Consumer Rights Protection regarding purchase of 75% of Kcell shares by Kazakhtelecom, which was approved in July 2018. According to the estimates of the Antimonopoly Committee, the share of Kazakhtelecom in mobile communications market after the acquisition of Kcell will be 37.5%.

Stocks of Bank CenterCredit, which grew 43.0% or KZT84.8 to KZT282.0 per share ranked the second. Growth of quotes was accompanied by the increased volume of transactions and was preceded by a number of corporate events associated with the news about the change of the bank's shareholders.

Shares of Halyk Bank ranked third by the increment in value: share price rose by 23.6% or KZT19.5 to KZT102.1 per share in the first half of 2018. Year-to-date share price has been increasing amid bank's record profits and optimistic expectations of the growth of business after the merger of the two largest banks.

Only Kcell share prices that have fallen by 10.3% or KZT184.0 to KZT1,600.0 showed year-to-date decline. During the reporting period, shares of the telecom company were under pressure due to the upcoming decision of the Antimonopoly Committee regarding Kazakhtelecom's application on purchasing a 75-per-cent stake in Kcell.

In the first half of 2018, stock trading volume amounted to KZT94.4 bn and grew by 4.2% compared to the similar period of 2017. Primary market volume reached KZT0.5 bn, secondary market volume is equal to KZT93.9 bn, which is higher than the result of the last year by 13.1% or KZT10.9 bn. The average daily trading volume amounted to KZT780.2 mln, average number of transactions was 656, average volume of one transaction was KZT1.2 mln.

A total of 10,527 ordinary shares of BAST at KZT50,000.00 per share in the amount of KZT526.4 mln were placed in "shares" sector during the first half of 2018. Two offerings the primary market of BAST were held during the similar period of 2017 when the company had offered ordinary shares for the total amount of KZT7.6 bn.

Individuals are the most active investors; their share has reached 54.7% of the total gross turnover of trades in shares. The share of second-tier banks (STBs) was 1.8%, broker-dealers' share was 20.8%. The share of other institutional investors accounted for 9.2% and the share of other legal persons was 13.5%. The share of non-residents is estimated at 6.5%.

CORPORATE BOND MARKET

As at the end of June there were 249 corporate bond issues of 65 issuers were listed in the KASE trading lists. Bonds of 11 issuers were included in the KASE reporting period during the reporting period: Subsidiary organization of Halyk Bank of Kazakhstan Halyk Finance, Kcell, Development Bank of Kazakhstan, Tsesnabank, AgroFinance, National Company KazMunayGas, ARLAN WAGONS, Freedom Finance, Bank CenterCredit, Phaeton Company and Kazagro National Management Holding.

The volume of corporate debt traded reduced by 8.1% or KZT716.5 bn having reached KZT8,169.6 bn. The capitalization of traded debt has declined due to the removal of four issues of international bonds of National Company KazMunayGas in the KASE official list. These bonds were redeemed early.

KASE_BMY Index (corporate bonds yield index for main market); rose 3 b. p. reaching 10.38% APR year-to-date.

The volume of trading in corporate bonds on KASE amounted to KZT420.3 bn and increased 4.2 times compared to 2017. The average daily trading volume amounted to KZT3.5 bn, average number of transactions was 6, average volume of one transaction was KZT565 mln (KZT335.6 mln on the secondary market).

Bonds of the seven issuers in the amount of KZT177.0 bn, which is 2.2 times higher compared to the similar period of the last year were placed during the reporting period.

Date	Name	Code	Volume, KZT bn	Yield, % APR	Term, years	Demand %
January 16, 2018	Kcell	KCElb1	4.95	11.50	3.0	16.5
February 14, 2018	Kazakhstan Mortgage Company	KZIKb27	6.0	10.50	9.8	168.4
February 14, 2018	Bank RBK	INBNb7	33.7	4.08	14.8	100
February 5, 2018			4.4			43.0
February 15, 2018	Bank CenterCredit	CCBNb30	5.8	11.75	9.9	100.02
February 20, 2018,						
May 4, 2018	Faeton Company	FATNb1	1.8	13.49	6.3	100
June 25, 2018						
June 19, 2018	PAVLODARENERGO	PDENb2	0.4	12.50	8.2	100
June 29, 2018	Kazagro National Management Holding	KZAGb6	120.0	9.50	10.0	100
Total			177.0			

Main categories of investors on the primary corporate bonds market were as follows: the share of STDs accounted for 0.6% of the total gross turnover, broker-dealers – 0.2%, other institutional investors – 71.1%, other legal entities – 28.1%.

The trading volume in the secondary market rose by KZT224.5 bn or 13.0 times and amounted to KZT243.3 bn.

Main categories of investors on the secondary corporate bonds market were as follows: the share of STDs accounted for 27.3%, broker-dealers – 3.7%, other institutional investors – 7.5%, other legal entities – 60.8%. The proportion of individuals in this market segment amounted to 0.8%. The share of non-residents is estimated at 0.3%.

GOVERNMENT SECURITIES MARKET (GS)

The amount of the sovereign debt traded on KASE at nominal value came to KZT 10.6 trillion having increased 7.2% or KZT711.5 bn since the beginning of the year.

The trading volume of government securities amounted to KZT633,1 bn and rose 44.7% compared to 2017. The average daily trading volume amounted to KZT5.2 bn, average number of transactions

was 6, average volume of one transaction was KZT824.3 mln (KZT470.7 mln on the secondary market).

Primary market volume decreased by 8.3% or KZT28.2 bn to KZT312.1 bn compared to the corresponding period of the previous year. Administrations of 13 regions and the cities of Almaty and Astana raised KZT50.3 bn at 0.35% APR and the Ministry of Finance raised KZT261.8 bn at the rate within the range from 8.43% to 8.66% APR as part of the implementation of government programmes in the reporting period.

Main categories of investors on the primary market were as follows: the share of STDs accounted for 2.9%, other institutional investors – 81.0%, other legal entities – 16.1%.

The volume of trading in the secondary market rose 3.3 times from KZT97.2 bn in 2017 to KZT321.0 bn in the first half of 2018. The share of trading in the National Bank's notes in the secondary market amounted to 69.7% of the total trading turnover.

Main categories of investors on the secondary market were as follows: the share of STDs accounted for 67.4%, broker-dealers – 1.3%, other institutional investors – 20.6%, other legal entities – 10.1%, individuals – 0.6%. The share of non-residents is estimated at 2.1%.

Securities of international financial institutions

There were ten bond issues of the Eurasian Development Bank and the European Bank for Reconstruction and Development in the trading lists as at the end of the reporting period.

The Eurasian Development Bank raised KZT50 bn offering three-year bonds at 9.1% APR over the past period.

UNITS OF INVESTMENT FUNDS

As at the end of the reporting period, there were six unit investment funds managed by five companies.

The volume of trading amounted to KZT183.7 mln over the past period, which is lower than the result for the same period of the last year by 44.7%. Transactions were made with instruments US_SPY_ (KZT54.8 mln; 57 transactions) managed by the State Street Global Advisors and with CSECfe (KZT128.9 mln; 33 transactions) managed by Centras Securities.

Main categories of investors were as follows: the share of individuals accounted for 44.1%, broker-dealers – 14.5%, other legal entities – 41.4%.

Individuals accounts at the securities market

As at the end of June, there were 109,716 accounts that were opened for individuals registered in the accounting system of the Central Securities Depository, which is by 471 accounts more than as at the beginning of 2018.

FOREIGN EXCHANGE MARKET

In the first half of 2018, the total volume of trading in the forex market amounted to KZT6.6 trillion, which is 24.2% or KZT1.3 trillion higher than last year.

The US dollar rate movement over the year has clearly expressed seasonal nature. In the first six months of the year, the tenge mainly strengthened against the US dollar. In June, in the beginning of the holiday season, trend reversal towards weakening takes place. However, the range of the exchange rate movements is also determined by some of features of the reporting period. For example, tenge has reached the maximum value of KZT383.91 in late January 2016 when Brent crude oil quotes dropped below 30 US dollars per barrel. In the first half of 2017, Brent quotes confidently traded around US \$50 per barrel. By the end of June this year, barrel of Brent crude cost above US \$79, which is significantly higher than the last year's values. An external shock in the form of introduction of anti-Russian sanctions in early April has significantly weakened the ruble against the US dollar. In view of the fact that the Russian Federation is the main trade partner of Kazakhstan, tenge has also weakened against the US dollar, but not as much as the ruble.

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

Pair	Volume, mln units of currency	Share in trades volume, %	Number of transactions	Min. and Max. exchange rates, unit of currency	Rate as at the end of period (change in %)
USD/KZT	20,017.3 (+20.6%)	99,0 % (-0.1%)	39,795 (+4,123)	318.31 – 341.31	341.08 (+2.6%)
RUB/KZT	6,077.7. (+0.6%)	0,5 % (-0.1%)	734 (-404)	5.2013 – 5.8466	5.4395 (-6.0%)
CNY/KZT	90.6 (+43.8%)	0,1 % (+0.02%)	219 (-367)	50.2850 – 52.6800	51.5100 (+1.2%)
EUR/KZT	31.8 (-13.6%)	0,2 % (-0.1%)	107 (-31)	381.64 – 409.40	396.70 (+0.1%)
EUR/USD	41.1	0,2 % (+0.2 %)	10 (+10)	1.1632 – 1.2208	1.1632

MONEY MARKET

Total trading volume of money market reached KZT56,747.7 bn. having declined by 31.4% or KZT25,942.4 bn compared to the same indicator of the last year.

MM_Index, a composite indicator of the money market, made up 7.82% APR dropping 158 b.p. year-to-date.

KazPrime-3M (KZT) indicator, which is an indicator of the value of money when they are placed on the interbank market deposits among banks, dropped 125 b.p. to 10.00% APR, continuing to remain on the upper limit of the base rate (9.0% + 1%).

The rate of TONIA indicator, which is a weighted average interest rate on one-day repo transactions, dropped 131 b.p. to 8.02% APR year-to-date. Meanwhile, the value of TWINA indicator, which reflects weighted average interest rate on 7-day repo transactions, dropped 1.54 p.p. to 8.31% APR.

Repo market

Trading volume in this segment reached KZT37.9 trillion, which is by 5.8% or KZT2.1 trillion higher than the last year. The average daily volume of transactions in the first half of the year amounted to KZT313.1 bn (+ 5.8% to a similar indicator of the last year). Trading volume in Q2 remained nearly at Q1 level with a slight decrease of 0.3% compared to the first quarter. In absolute terms, the decline was KZT49.9 bn to KZT18.9 trillion.

More than 97,7% of the total volume of repo opening transactions accounted for the GS auto repo transactions.

- One-day repo, which accounts for more than 88,2% of the total volume of trades in the GS auto repo market, remains the most popular instrument on the GS auto repo market.

48 members of the Exchange took part in trades on the repo market in the first half of 2018. More than 86% of the total turnover in this segment was represented by banks. The share of non-residents was low and amounted to 0.2%.

Currency swap transactions

The volume of trading in the currency swap market declined by 59.8% to KZT18.9 trillion. Average daily volume of transactions amounted to KZT155.9 bn, which is by 59.8% lower than the last year. Over 79% of the total trading volume (KZT15.0 trillion) in the structure of instruments of the currency swap market accounted for two-day currency swaps (USDKZT_0_002).

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 2018. 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 and the only exchange in Kazakhstan carrying out its activities in the financial market. It is a universal trading platform for repo market instruments, foreign currencies, government and corporate securities, bonds of international financial institutions as well as derivatives.

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. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative. 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.

For additional information please contact: +7 (727) 237 5342, pr@kase.kz