



## PRESS RELEASE

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### KASE presents results of the exchange market's 2019 operations

Kazakhstan Stock Exchange (KASE, or the Exchange) informs you about main results of its operations in 2019.

- The total amount of trading on KASE in 2019 made KZT118.1 trln decreasing by 7.6 %, or KZT9.7 trln on 2018.
- The amount of trading on the securities market increased by 8.5 %, reaching KZT5,286.8 bn.
- In 2019 securities of 30 new issuers underwent the listing procedure: 19 in the equity sector, 7 in the corporate bonds sector, 2 in the IFI bonds sector, 2 in the securities of investment funds sector.
- Based on 2019 results, KASE Index value rose by 2.6 % to 2,363.79 points.
- The equity market's capitalization increased by 11 % to KZT17 trln over the year.
- The amount of corporate debt circulating on KASE increased by 12 %, reaching a mark of KZT12 trln.
- As of January 1, 2020 there were 117,695 personal accounts opened by individuals in the Central Securities Depository, which is by 871 accounts more than at the beginning of 2019.

### KEY PROJECTS AND EVENTS

As part of implementing KASE's development strategy for 2019–2021 the Exchange in 2019 implemented the following projects and conducted the following events:

- from December 3, 2019 the trading and clearing system ASTS+ developed based on the trading and clearing system of the OJSC "Moscow Exchange" (MOEX) was introduced on KASE stock market. From the same date KASE took over functions of the Central Counterpart (CCP) on financial instruments, trading in which was opened in the new trading system. Both events are stages of the implementation of the Agreement on strategic partnership between KASE and MOEX.
- In order to develop services of the CCP on the currency market, KASE attracted liquidity providers, which will enable the Exchange to settle situations of violation of the settlement mode on said market and guarantee the timely fulfillment of obligations to market participants (Chinese yuan – INDUSTRIAL & COMMERCIAL BANK OF CHINA (ALMATY) JSC, Russian ruble and euro – Eurasian Development Bank JSC, euro – Kaspi Bank JSC).
- KASE and Moscow Exchange (MOEX) concluded a deal on January 29, 2019 on selling 32,360 shares of KASE as part of implementing the Agreement on strategic partnership signed by the parties earlier. Following the deal, the MOEX's stake in the Exchange's equity made 3.32 % of issued shares.

- The new methodology of building the risk-free yield curve based on the Nelson-Siegel model was implemented, which will facilitate the representativeness of the market valuation of non-indexed government securities (GS) of the Republic of Kazakhstan.

From September 30, 2019 trading in six-month and one-year USD/KZT currency swap transactions was opened.

- KASE from July 1, 2019 increased the duration of the trading day on foreign currencies until 17:00 o'clock (Nur-Sultan) and united trading sessions in this market segment.
- KASE conducted a panel discussion themed "Capital markets. Opportunities and growth points" as part of the conference "Financial market and real sector of Kazakhstan's economy", organized by the National Bank of the Republic of Kazakhstan in association with the ULE "Association of Kazakhstan's financiers" on November 16, 2019.
- For purposes of increasing awareness of KASE exchange market's operations, as well as of fundraising opportunities on the Kazakh stock market, the Exchange conducted a series of events called "KASE Day" in Moscow (Russia), Minsk (Belarus), Tashkent (Uzbekistan), Shymkent, Aktobe, Nur-Sultan and Almaty.
- For purposes of informing foreign institutional investors about the potential of the Kazakh stock market and ways of obtaining access thereto, on December 5, 2019 a conference called "Kazakhstan: Local Markets Development" was held in London, organized by KASE in association with the National Bank of the Republic of Kazakhstan (NBRK) and CitiBank Kazakhstan.
- As part of KASE's project called "Issuer Day" meetings with investors and professional market participants were conducted for "KEGOC" JSC, International Finance Corporation (IFC) and "Housing Construction Savings Bank of Kazakhstan" JSC.
- A competition called "Exchange simulator" saw participation of 1 167 students from 46 universities. The project has been implemented since 2008. Over 11 years more than 6 thousand students from 80 Kazakh universities, as well as from abroad took part in the competition.
- From September 1 to October 1, 2019 KASE conducted a competition among retail investors on the equity market. This year, during the competition the participants concluded more than 2,800 transactions in the amount of KZT137 mln.
- Open lectures with participation of Bolat Zhamishev, Kadyrzhan Damitov, Timur Turlov, Galim Khussainov, Ergali Begimbetov, Dmitriy Zherybyatiev and Sanzhar Kettebekov were held as part of the project "KASE Talks".
- As part of the UN initiative "Sustainable stock exchanges", KASE in association with the Structure "UN Women" conducted the trading opening ceremony "Ring the Bell for Gender Equality" and a conference "Principles of extending the rights and opportunities for women".
- As part of the International investor week, KASE conducted an event called "Ring the Bell for Financial Literacy".
- KASE presented a book named "Building the future", devoted to the history of the Exchange and Kazakhstan's financial market. The book was published in three languages – Kazakh, Russian and English. The book's release was associated with the 25th anniversary which was celebrated by KASE in November 2018.
- During the year the Exchange conducted training events for entrepreneurs and public for purposes of increasing the financial literacy. Events were conducted jointly with the National chamber of entrepreneurs "Atameken", Entrepreneurship development fund "Damu", International Finance Corporation (IFC), Kazpost JSC and other organizations.

## EQUITY MARKET

The equity market's capitalization rose by 11.2 % to KZT17.2 trln since the beginning of the year. The indicator's change followed inclusion in the calculation of this indicator of shares of several companies and a significant growth of some stocks.

As at the end of 2019 the Exchange's trading lists featured 141 stocks of 125 issuers, also in the unlisted securities sector – 3 stocks of 3 companies.

Over the expired period, KASE official list was supplemented with 20 stocks of 19 new companies (earlier not KASE-listed issuers) and three stocks of three companies were admitted to circulation on the unlisted market.

Qrt.	Issuer	Market	Inclusion date
I	North Caspian Petroleum JSC	alternative	04.02.19
	Apple Inc.	main	06.03.19
	Facebook, Inc.	main	06.03.19
	Microsoft Corporation	main	06.03.19
	Starbucks Corporation	main	06.03.19
	Ford Motor Company	main	14.03.19
	Intel Corporation	main	14.03.19
	The Coca-Cola Company	main	14.03.19
	NIKE, Inc.	main	14.03.19
	Pfizer Inc.	main	14.03.19
	Tesla, Inc.	main	14.03.19
	Yandex N.V.	main	26.03.19
	Tiffany & Co.	main	26.03.19
	Exxon Mobil Corporation	main	26.03.19
II	"MMC "Norilsk Nickel" PJSC	main	01.04.19
	"Lukoil" PJSC	main	01.04.19
	"Novolipetsk Metallurgy Plant" PJSC	main	01.04.19
III	"Commodity Exchange "Caspiy" JSC – ordinary shares	alternative	20.09.19
	"Commodity Exchange "Caspiy" JSC – preferred shares	alternative	20.09.19
	"People's company "Altyn Kalkan" JSC	unlisted securities	02.09.19 removed 04.12.19
	"Investment House "Astana-Invest" JSC	unlisted securities	02.09.19 removed 04.12.19
IV	"CHINATOWN" JSC	unlisted securities	26.12.19
	"Mining company "Benkala"	alternative	31.12.19

Nine stocks were removed from KASE's official list: preferred shares of Kaspi.kz due to their swapping for ordinary shares; ordinary and preferred shares of Kaspi Bank, ordinary shares of ALATAU-KUS JSC, JUPITER ENERGY LIMITED and Al Saqr Finance JSC, preferred shares of Corporation "Tsesna" JSC and "KazMunaiGas" Exploration Production JSC following the issuers' request, ordinary shares of Scipio JSC due to indebtedness towards KASE on payment of the annual listing fees. The following stocks were removed from the unlisted securities sector: ordinary shares of GLOTUR DS MULTIMEDIA JSC, "People's company "Altyn Kalkan" JSC and "Investment House "Astana-Invest" JSC due to absence of transactions for 90 calendar days.

The amount of shares trading in 2019 compared with 2018 decreased by 62.3 %, or KZT336.3 bn, to KZT203.6 bn. This significant decrease was caused by the great amount of irregular transactions in 2018.

One offering took place on the primary market in 2019. During the subscription to ordinary shares, Ferro-Alloy Resources Limited raised GBP10,435.6 (equivalent to KZT5,198,389.8), by placing 14,908 shares at a price of GBP0.7 (equivalent to KZT348.698) per share.

In terms of main investor categories on the secondary market, individuals remain the most active ones, accounting for 51.5 % of the gross turnover of share trading. Second-tier banks (STB)

accounted for 0.7 %, brokers and dealers – for 24.5 %, other institutional investors – for 5.3 %, other legal entities – for 18.1 %. Non-residents' share is estimated at 20.3 %.

## KASE INDEX

Since the beginning of the year KASE Index increased by 2.6 % to 2,363.79 points. In 2019 KASE Index representative list was supplemented with shares of National company "KazMunayGaz" JSC. Thus, at the end of the reporting year KASE Index included 8 stocks.

### Prices of stocks from KASE Index universe in last deals

Issuer	Ticker	Price per share, KZT		Price change
		as of 01.01.20	as of 01.01.19	in % since the beginning of the year
Halyk Savings Bank of Kazakhstan	HSBK	131.00	100.41	+30.47
Kcell	KCEL	2,330.00	1,850.00	+25.95
KAZ Minerals PLC	GB_KZMS	2,630.02	2,530.00	+3.95
KEGOC	KEGC	1,624.00	1,600.64	+1.46
National atomic company "Kazatomprom"	KZAP	5,218.00	5,200.00	+0.35
Bank CenterCredit	CCBN	226.10	234.21	-3.46
Kazakhtelecom	KZTK	27,100.00	33,499.0	-19.10
KazTransOil	KZTO	1,035.90	1,342.00	-22.81

Based on 2019 results, stocks of Halyk Savings Bank of Kazakhstan rose the most among shares from the index universe. The issuer takes up a large chunk of the banking services market after the acquisition of Kazkommertsbank, it has a permanently high profitability and fairly high capital adequacy. Halyk Savings Bank of Kazakhstan in January-June 2019 earned consolidated net income (IFRS) in the amount of KZT164.2 bn, which is 1.9 times more than in January-June 2018. In addition to favorable operating indicators of the bank, the investors community positively reacted to the updating of the dividend policy. At the end of June it became known, that the Board of Directors of Halyk Savings Bank of Kazakhstan approved changes and additions to the banks' dividend policy, according to which at least 50 % and up to 100 % of the consolidated net income for the year under review will be allocated to dividend payout (formerly – from 15 to 50 %). In May the international rating agency S&P Global Ratings affirmed the bank's long-term credit rating at "BB" and the short-term rating at "B", outlook "Stable". In December the international rating agency Fitch Ratings increased long-term issuer default ratings (IDR) of the bank and its subsidiary Halyk Finance from "BB" to "BB+".

Kcell stocks appreciated by 25.9 %. Potential growth of the company's revenues against the background of its stronger market standing could be named amongst the main positive factors driving the company's shares upwards. Joining Kazakhtelecom's family may cause a more stable environment with more emphasis on the services quality.

Stocks of KAZ Minerals PLC appreciated by 4 % over the year. Main factors behind the stocks' growth were stable financial and operating results, as well as the positive dynamics of commodity prices.

In the first half of 2019 KAZ Minerals increased the copper production by 6 % with the net monetary production costs kept low. This fact witnesses of the successful implementation of the large-scale project which could be a significant advantage of the company on the market in future. However, the net income of KAZ Minerals in January–June 2019 decreased by 18 % to USD227 mln.

Shares of KEGOC rose by 1.5 % from the beginning of 2019. Based on results of the first half-year, the company reported a 48 % growth in revenues YoY, to KZT191 bn, with the net income decreasing by 7 % to KZT29.7 bn over the period under review. The revenues growth is based predominantly on KZT52 bn revenues from the new service (ensuring the readiness of capacity for workload), as well as thanks to the moderate growth of revenues from other lines of business.

The most price reduction in the current year was on shares of Kazakhtelecom (-19.1 %) and KazTransOil (-22.8 %).

Quotations of ordinary shares of the national telecommunications provider Kazakhtelecom were exposed to fluctuations in the year under review, following a series of important corporate news. Investors variously assessed the company's standing, taking into account large-scale capital expenditures, the growing amount of share trading and attracting additional funding from outside in form of bonds. In June Fitch Ratings improved outlooks from Kazakhtelecom and Kcell to "Positive", affirming the long-term default rating on each company at "BB+" and "BB", respectively. The agency points out that Kazakhtelecom's ratings reflect the company's dominating market position, generation of stable free cash flow, moderate leverage and favorable regulative environment. The price of shares started to recover from November 2019 against the background of strong interim financials. Within the nine months, ending September 30, 2019, Kazakhtelecom's revenues increased by 90 % YoY, to KZT298.6 bn. The revenues grew, mainly, on account of growing performance of its mobile telecommunications business. The net income (IFRS) increased by 26.6 %.

Stocks of KazTransOil were in a bear market in the current year due to a series of negative corporate news. The main reason for the market's negative reaction was the inconsistency of dividend payouts, which in this year, for the first time since the IPO, were not increased, with the shareholders' expectations. The company showed fairly strong financial results in the half-year. KazTransOil's consolidated net income in January-June 2019 made up KZT33.8 bn, which is by 22.4 % more than in the 1st half of 2018.

## CORPORATE BONDS

In 2019 the amount of corporate debt traded on KASE increased by 12.4 %, or KZT1.3 trln, to KZT12.1 trln.

As of January 1, 2020 KASE trading lists featured 256 corporate bond issuances of 71 issuers. In 2019 KASE official list was extended by 43 bond issuances of 26 issuers, including 9 issuances of 7 new issuers. At the same time, 34 issuances of 20 issuers were removed due to expiry or early redemption.

Index KASE\_BMY decreased by 30 b.p. to 10.84 % per annum since the beginning of the year.

The total volume of trading on KASE's corporate bond market made up KZT2.7 trln in 2019, increasing by 17.6 %, or KZT406.1 bn, on 2018. Growth was seen both on the primary and secondary markets.

A total of 42 bond issuances of 27 issuers were sold on KASE. The total amount of funds raised reached KZT2 trln, increasing by 5.1 %, or KZT95.5 bn.

In terms of main investors on the primary corporate bond market, the share of STB made up 18.3 %, that of brokers and dealers – 1.5 %. Other institutional investors accounted for 75.5 %, other legal entities – for 3.7 %, individuals – for 0.9 %. Non-residents' share was 8.9 %.

The amount of trading on the secondary corporate bond market increased by 68.9 %, or KZT310.7 bn, to KZT761.9 bn, in the period under review.

In terms of main investor categories on the secondary corporate bond market, the share of STB made up 37.3 %, that of brokers and dealers – 2.6 %, other institutional investors accounted for 27.2 %, other legal entities – for 32 %, individuals – for 1 %. Non-residents' share was 1.7 %.

## GOVERNMENT SECURITIES

The face value of the government debt being traded on KASE increased by KZT1.7 trln, or 14.6 %, to KZT13 trln since the beginning of the year.

The amount of GS trading on KASE made up KZT1.8 trln, increasing by 10.9 %, or KZT178.9 bn, on 2018.

The amount of trading on the primary GS market in 2019 reached KZT1.4 trln, increasing by 69.5 %, or KZT593.2 trln, on 2018. Of them KZT108.9 were raised by akimdiks of 14 regions, cities of Nur-Sultan, Almaty and Shymkent as part of implementation of state and government programs.

The Ministry of Finance raised KZT1.3 trln on KASE. This amount corresponds with the target for 2019 and is by KZT592.3 bn (80 %) higher than the 2018 figure. The yield for offerings by the Ministry of Finance varied within a range of 8.46 %–9.9 % APR. The maturity of placed bonds – from two to 20 years.

In terms of main investor categories on the primary market, the share of STB made up 0.6 %, that of other institutional investors – 91.4 %, other legal entities accounted for 8 %.

The amount of trading on the secondary market was KZT377.1 bn, decreasing by 52.4 %, or KZT414.3 bn. Trading in notes of the National Bank on the secondary market made 89 % of the total trading amount compared with 85.5 % in 2018, with the outstanding notes' amount slightly decreasing to KZT3.4 bn.

From September 2019 the Exchange's official list was supplemented with foreign GS: bonds of Ukraine's Ministry of Finance, the Republic of Turkey and Sultanate of Oman. The amount of deals in said bonds reached KZT686.9 mln with 81 transactions concluded.

In terms of main investors on the secondary market, the share of STB made up 41.6 %, that of brokers and dealers – 3.7 %, other institutional investors accounted for 33.3 %, other legal entities – for 21.2 %, individuals – for 0.3 %. Non-residents' share was 0.1 %.

## IFI BONDS

As at the end of the period under review there were 30 bond issuances of five international financial institutions in KASE's trading lists: Asian Development Bank, Eurasian Development Bank, European Bank for Reconstruction and Development, International Finance Corporation (IFC).

During the elapsed period the amount of trading made up KZT540.2 bn, which is up 5.3 times (+434.8 %), or by KZT439.2 bn, on 2018.

Since the beginning of 2019, the official list was supplemented with 19 bond issuances of five issuers: three issuances of Asian Development Bank, five issuances of Eurasian Development Bank, eight issuances of European Bank for Reconstruction and Development, two issuances of International Finance Corporation and one issuance of European Investment Bank.

In the period under review, the amount of trading on the primary market made up KZT534 bn:

- Asian Development Bank raised KZT45.9 bn, by placing seven-year bonds and two five-year bond issuance with a margin of 1.3 %, 1 % and 1.5 % APR above the inflation rate, respectively;
- IFC raised KZT32.4 bn through subscription, by placing two two-year international bond issuances at 8.95 % and 9.5 % APR;
- Eurasian Development Bank raised KZT20 bn, by placing three-year bonds under 9.7 % APR; KZT50 bn – by placing five-year bonds under 9.5 % APR, and KZT9.8 bn, by placing discount three-month bonds with a weighted average yield of 9.2032 % APR; the total amount of funds raised by the bank made up KZT79.8 bn;
- European Bank for Reconstruction and Development raised KZT376 bn through subscription, by placing five-, six-, seven-, eight-year international bonds with a margin of 1.0–1.5 % APR.

In terms of main investors on the primary market, the share of STB made up 3.4 %, that of brokers and dealers – 0.1 %, other institutional investors – 93.3 %, other legal entities accounted for 3.1 %, individuals – for less than 0.1 %.

The amount of trading on the secondary market made up KZT6.1 bn. In terms of main investors on the secondary market of this sector, the share of STB made up 2 %, that of brokers and dealers – 8.5 %, other institutional investors – 5.5 %, other legal entities accounted for 84 %.

## UNITS OF INVESTMENT FUNDS

As at the end of the period under review, the sector "securities of investment funds" featured 11 instruments managed by 8 companies.

During 2019 KASE official list was extended by 3 unit issuances and one ETF:

- units of IUIT "GoodWill" managed by "Freedom Finance" JSC;
- units of IUIT "Liquidny" and IUIT "Protsentny", managed by "First Heartland Jysan Invest" JSC;
- shares US78468R6633 SPDR Bloomberg Barclays 1-3 Month T-Bill ETF, issued by investment fund SPDR Series Trust (USA).



## Parameters of amounts of trading in securities of investment funds in 2019

Instrument	Amount, mln KZT	Number of transactions
CSECFE	323,0	56
ASYL_or	154,0	6
US_BIL_	148,8	9
CSECgm	141,2	23
US_SPY_	101,9	103
IE_FXBF	32,6	200
BCCI_cc	8,3	3

During the elapsed period the amount of trading made up KZT909.9 mln, which is up 21 times, or by KZT476 mln, on 2018.

In terms of main investor categories, the share of individuals made up 40.7 %, that of brokers and dealers – 8.1 %, other institutional investors accounted for 3 %, other legal entities – for 48.3 %.

### FOREIGN EXCHANGE MARKET

The amount of trading on the foreign currency market reached KZT11.1 trln, which is by 17.1 %, or KZT2.3 trln, less YoY.

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

#### Change of parameters of trading in currency pairs on KASE market

Pair	Amount, mln currency units	Weight in the trading amount, %	Number of deals	Min. and max. rates, qnty. of the quoted currency per base currency	Rate at the end of period (chg.%)
USD/KZT	28,837.7	99.0 %	77 628	373.56 – 390.12	382.60
	(-25.6 %)	(-0.2 %)	(+3%)		(-0.4 %)
RUB/KZT	11,487.0	0.6 %	1 007	5.5360 – 6.1960	6.1960
	(+7.1 %)	(+0.2 %)	(-35%)		(+11.9 %)
CNY/KZT	324.1	0.2 %	707	53.9869 – 56.6900	54.9200
	(+48.7 %)	(+0.1 %)	(+30%)		(-0.7%)
EUR/KZT	60.6	0.2 %	297	421.60 – 438.10	428.20
	(+7.1 %)	(+0.1 %)	(+47%)		(+0.4 %)

In spite of the presence of factors, specific, for each particular year, the dynamics of the pair \$/tenge carried a seasonal character over last years. The tenge in the first half-year, after New Year's holidays, predominantly strengthens against the dollar, making a U-turn in anticipation of the summer holidays. However, the rate volatility was moderate in the year under review. The spread for USD/KZT on the exchange market, beginning from April consolidated in a corridor of 0-0.4 KZT.

The increasing dynamics was seen on quotations of the currency pair ruble/tenge, which on December 31 updated its historical maximum since two decades (KZT6.1960 per ruble).

From July 1, 2019 KASE increased the duration of the trading day for trading in foreign currencies: the ending time of currency trading was moved from 15:30 to 17:00 o'clock. These changes were introduced for purposes of extending the trading day and improving the accessibility of trading for its participants as part of expanding possibilities of settlements in Kazakhstan' tenge for foreign and international participants.

## **MONEY MARKET**

The total amount of trading on the money market made up KZT101.7 trln, decreasing by 7.1 %, or KZT7.8 trln on last year.

### **Repo transactions market**

The total amount of repo transactions made up KZT72.7 trln in 2019, which is by KZT3.1 trln, or 4.2%, less than in 2018. 97 % of the total amount of repo transactions fell on GS basket autorepos.

Due to the launch of the Central Counterpart (CCP) services on KASE, the Exchange's trading system no features CS autorepo transactions and CS nego repo. The amount of these transactions in December made up KZT12.1 bn and KZT3.3 bn, respectively.

The money market indicator TONIA in the first five months was relatively stable, the average value of TONIA made up 8.19 %. In the following months the volatility amplitude increased, with TONIA's average value making up 8.6 % from June to December. The weighted average value of the TONIA made up 8.43 % APR.

The money indicator TWINA was repeating the volatility pattern of TONIA, however with a lower amplitude of fluctuations, the average value made 8.55 % APR in 12 months of 2019.

### **Currency swap transactions**

The total amount of currency swap transactions decreased from KZT33.6 trln in 2018 to KZT29 trln in 2019, or by 13.9 %. Transactions in the currency pair US dollar/Kazakhstan's tenge accounted for 99.9 % of currency swap transactions.

In 2019 for the first time the currency swap transactions in the currency pair euro/tenge were carried out, their total amount reached KZT128 mln. The amount of transactions in the currency pair ruble/tenge decreased from KZT219.5 mln in 2018 to KZT174.5 mln – by 20.5 %.

Maximum rates on US dollar currency swap transactions reached 11 % APR for USDKZT\_1D and 10.19 % APR for USDKZT\_2D in 2019.

## **DERIVATIVES MARKET**

Currently, futures, whose underlying assets are represented by the US dollar and KASE Index are available for trading in this sector of the exchange market. One transaction in one-week KZT/USD futures in the amount of KZT387.6 mln was concluded in August. The final settlement price of the futures made up KZT387.21 per US dollar. There were no open positions held by trading participants on the derivatives market by the beginning of January of 2020.

### **For reference**

Kazakhstan Stock Exchange (KASE) is a leading stock exchange in the Central Asian region. KASE occupies the second place among the CIS exchanges in terms of securities trading volume, and the sixth rank in terms of the equity market capitalization among the FEAS exchanges.

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 a member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations, as well as a participant of the UN Sustainable Stock Exchanges initiative.

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