

JSC "KAZAKHSTAN STOCK EXCHANGE"

INFORMATION REFERENCE

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KASE market statistics 2012

The total volume of trading on Kazakhstan Stock Exchange (KASE) in 2012 decreased by 6.7 % upon 2011 making up KZT27.5 trln (\$184.4 bn). The decrease was mostly down to the foreign currency sector where the volume sank by KZT1.2 trln (8.0 %), and the repo transaction market where the fall is estimated at KZT960 bn (-7.8 %). At the same time the exchange securities market saw a significant boost.

Details on market sectors are indicated below.

Foreign currencies

The foreign currency market in 2012 displayed smaller turnovers due to the more tranquil market where the flattening of rate fluctuations need not active interventions on the part of Kazakhstan's National Bank. The volume trading here made up just above the equivalent of KZT14.3 trln (65 % were attributed to the spot market, 35 % – to currency swap transactions); whereas in 2011 this indicator reached KZT15.6 trln (70 % – spot, 30 % – swap). 31 bank traded in currency on KASE in 2012, one less than in 2011.

Repo transactions

The liquidity of the repo transactions market was affected by the lower activity of its major participants – accumulative pension funds (APF) and second-tier banks (STB). Both of them reduced their participation in this market sector being influenced by the regulatory factor – mainly changes in the prudential regulations. The maximum monthly volume of trading in 2011 reached here KZT1.4 trln, whereas the corresponding figure in 2012 did not exceed KZT1.2 trln. The structure of the repo market's turnover did not change significantly in the reporting year. The major part of the turnover – 99.5 % – is formed by auto repo transactions in GS. However, the significant growth (by 14.3 %) of repo transactions in CS should be mentioned.

The quantity of repo transactions' underlying assets increased from 30 in 2011 to 34 in 2012.

Government securities (GS)

There were considerable changes on the government securities market in 2012.

The volume of GS issue by the Ministry of Finance of the Republic of Kazakhstan reached its historic peak – KZT1.1 trln, increasing by 58 % compared to 2011. According to preliminary estimates, the republican budget's expenses rose by 14 % in 2012, whereas the treasury's revenues went up by only 7 %. That mismatch brought about amendments made to the republican budget 2012 at the end of the year, according to which forecast revenues were reduced by KZT382 bn, and the budget deficit increased by KZT203.3 bn.

Against the background of the active role of the Ministry of Finance on the GS primary market, the National Bank in 2012 introduced a ban on participation of brokerage firms in offerings on that market which affected the GS market. In addition, changes in prudential regulations on APFs did not prop up the interest of this kind of investors in government bonds. As a result the volume of the GS secondary market at KASE shrank by 50% not exceeding KZT230 bn which is as much as in 2001.

The total value of the government debt traded on KASE increased by 18.8 % within the year reaching KZT3.1 trln (\$20.6 bn).

Corporate securities (CS)

The volume of stock trading rose by 28.4 % in 2012 making up KZT204.6 bn. This increase originated mainly from investors' trading in Kazakhtelecom shares in the first quarter, one-off major transactions, as well as from the general increase in activity on the market by the end of the year following the IPO of KazTransOil and Kcell.

The corporate bond market displayed a 6.4 % increase in the trading volumes mainly caused by the ban on over-the-counter offerings of listed bonds.

In total, the CS trading volume increased by KZT64 bn in 2012 reaching KZT518 bn.

At the end of 2012 securities of 333 titles were listed on KASE (101 stock issue, 231 bond issue and one issue of securities of an investment fund), issued by 125 issuers. In comparison to 2011 the number of instruments here increased by 7.8 %, that of issuers – by 20.2 %.

The stock market capitalization lost 17.7 % within the year making up USD35.6 bn (or KZT5.4 trln). The similar indicator for corporate bonds at the end of the year made up USD31.5 bn (KZT4.7 trln), decreasing by 21.4 % compared to 2011.

Performance of main KASE market indicators

KASE Index decreased by 12.3 % within the year. The reasons were the unfavourable market conditions against the background of persisting turbulence on global markets, as well as particular problems in Kazakhstan's banking sector, the fall of Kazakhtelecom ordinary shares after the dividend payout and the short list of securities included in KASE Index, whose representative list included merely seven titles.

The worst performance was shown by ordinary shares of Eurasian Natural Resources Corporation whose price fell by 52.6 %, ordinary shares of Kazakhtelecom (-32.9 %) and ordinary shares of Kazkommertsbank (-31.6 %). Apparently, it was reasoned by ENRC's persisting troubles (in 2012 it was heavily buying production assets and dividing them) which against the background of rather unfavourable commodity prices in the second half-year affected the attractiveness of the company's stocks. As was mentioned above, the decrease in Kazakhtelecom shares' value was caused by the extraordinary dividend payout followed by a two-fold drop in the share price. Kazkommertsbank, in its turn, was having persistent troubles with its loan portfolio and a big part of non-performing loans (around 35 % of the loan portfolio, the maximum figure amongst three major banks of the country), which directly affects the bank's profitability, and which accordingly could not leave its share price unaffected.

The value of KASE_BY index, illustrating the average yield of corporate bonds traded on KASE decreased from 15.12 to 13.42 % per annum in 2012. During the same period indicator KazPrime reflecting the price of inter-bank three-month loans increased from 2.00 to 4.00 % APR, and price indicators for shorter moneys – TWINA and TONIA – from 1.10 to 2.70 % APR and from 0.94 to 1.55 % per annum accordingly.