

# KAZAKHSTAN STOCK EXCHANGE

## PRESS RELEASE

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### KASE presents the exchange market's performance in October 2017

Kazakhstan Stock Exchange (KASE or Exchange) informs you about highlights of the exchange market's performance in October 2017.

- The total amount of trading on KASE in October rose 8 % on the previous month to KZT10,954.0 bn. The securities market grew 6 times thanks to a significant increase in the corporate bond sector (9 times) and GS sector (3 times), followed by the money market (+4 %).
- The amount of initial offerings on the corporate bond market increased 14 times to KZT381 bn, that on the secondary market grew 2 times to KZT45.9 bn.
- The amount of special trading on the GS primary market increased 24 times to KZT169.1 bn.
- Five bond issues and one share issue underwent the listing procedure.

The total amount of securities trading in October reached KZT642.5 bn, up KZT527.6 bn (or 6 times) on the previous month. This growth was based on offerings of subordinated bonds by three banks (ATFBank, Eurasian Bank, Tsesnabank) to a total of KZT350 bn under the Program of strengthening the banking sector's financial stability, being implemented by the National Bank of the Republic of Kazakhstan.

### Shares

As of November 1, 2017 129 stocks of 111 issuers were listed on the Exchange. In the month under review ordinary shares of Exploration Production ALMEX (geological surveys and hydrocarbons exploration) underwent listing.

### KASE Index

KASE Index went down 0.3 % to 2,043.1 points in October. Shares from KASE index universe showed differently directed dynamics.

### Prices of shares from KASE Index universe

Issuer	Ticker	Price, tenge per share			Price change, tenge	
		as of 01.01.17	as of 01.10.17	as of 01.11.17	in October	in 2017
Kazakhtelecom	KZTK	14,522.97	19,099.98	19,860.00	+4.0	+36.7
KEGOC	KEGC	1,192.15	1,380.00	1,431.99	+3.8	+20.1
KAZ Minerals PLC	GB_KZMS	1,511.00	3,481.00	3,603.01	+3.5	+138.5
Bank CenterCredit	CCBN	168.41	158.50	162.53	+2.5	-3.5
KazTransOil	KZTO	1,231.00	1,325.00	1,320.35	-0.4	+7.3
KazMunaiGas Exploration Production	RDGZ	15,270.00	20,480.00	20,388.35	-0.4	+33.5
Halyk Savings Bank of Kazakhstan	HSBK	50.34	81.07	77.43	-4.5	+53.8
Kcell	KCEL	1,102.01	1,920.00	1,817.00	-5.4	+64.9

Kazakhtelecom shares were in the lead, growing by 4.0 % to KZT19,860 per share. This growth was fuelled by the release of the company's 9M 2017 accounts, as well as by the upgrading by Standard & Poor's of Kazakhtelecom's credit rating from BB outlook "Positive" to BB+ outlook "Stable".

Kcell shares fell the most in October: by 5.4 % to KZT1,817.0. Their price was corrected after an explosive growth in September amid investors speculations over possible acquisition of the company by the Turkish telecommunications giant Turkcell from the current owner TeliaSonera.

The equity market's capitalization in October grew by 0.8 %, or KZT138.3 bn, to KZT16,748.1 bn. The indicator's growth was based on performance of companies from sector "Finance" (KZT+168.7 bn, or 8.8 %), where Kazkommertsbank sold 1.3 ordinary shares to shareholders with preemptive purchase rights, sectors "Commodities" (KZT+9.1 bn, or 0.5 %) and "Health" (KZT6.2 bn, or 44.2 %).

The amount of shares trading made up KZT15.2 bn, growing by KZT3.8 bn, or 32.7 % on September. The average daily trading amount was KZT0.8 bn, against KZT0.6 bn in the previous month. All deals were concluded on the secondary market.

In terms of main investor categories, individuals remained the most active investors in October, accounting for 46.6 % of the stocks turnover. Brokerage firms accounted for 23.1 %, second-tier banks (STB) – for 0.02 %, other institutional investors – for 1.6 %, other legal entities – for 28.7 %. Non-residents accounted for 16 %, of whom 12.2% were represented by legal entities (non-institutional investors), 3.1 % – by brokers and 0.6 % – by individuals.

### **Corporate bonds market**

As at the end of October 269 bonds of 68 issuers were listed on KASE. Five issues of debt securities issued by ATFBank, Eurasian Bank, Bank CenterCredit, Tsesnabank and National Company Kazakhstan Temir Zholy underwent listing in the period under review.

The amount of corporate debt traded increased by 1 % to KZT8,846.9 in October.

The total amount of corporate bond trading made KZT426.9 bn growing by KZT379.7 bn (9 times). The daily average trading amount made KZT19,405.1 mln, increasing 8 times on September.

The amount of the primary corporate bond market reached KZT381.0 bn, growing by KZT353 bn, or 13.6 times. The following issues were sold in the course of special trading sessions on the primary corporate bond market:

- ATFBank, Eurasian Bank, Tsesnabank placed 15-year subordinated bonds with YTM of 4.00 % p.a. in the total amount of KZT350 bn under the Program of strengthening the banking sector's financial stability, being implemented by the National Bank of Republic of Kazakhstan.
- Faeton Company LLP raised KZT1.1 bn, additionally selling seven-year bonds with YTM of 13.49 % p.a.
- Subsidiary bank Home Credit and Finance Bank raised KZT5.0 bn, having sold its bonds at 13 % p.a.

National Company Kazakhstan Temir Zholy raised KZT25.0 bn, having sold its bonds at 11.0 % p.a. by way of subscription to them.

The amount of trading on the secondary corporate bond market rose 2.4 times, or by KZT26.7 bn to KZT45.9 bn. More than 60 % of this amount was generated by Kazakhtelecom buying back its bonds. Earlier, the company announced its Board of Directors' decision to early buy back 12,136,865 bonds of the second issue.

KASE\_BMY and KASE\_BAY (yield indicators) went down by 9 b.p. to 10.17 % p.a. and by 1 b.p. to 11.13 % p.a. accordingly. The permanent decrease in corporate bonds' yield is due to reaching the lower limit of the base rate corridor on the risk-free yield curve. At the end of September the yield of seven-day notes of the National Bank was at 9.2509 %, which affected the corporate bonds' yield in October.

In terms of main investor categories in the corporate bonds sector, brokerage firms accounted for 24.5 %, STB – for 1.7 %, other institutional investors – for 13.3 %, other legal entities – for 56.8 %, individuals – for 3.8 %. Non-residents accounted for 3.3 % of the total amount of corporate bonds trading.

### **Government securities (GS) market**

In October the amount of trading on the GS market rose 3 times to KZT180.3 bn on September due to an increase in initial offerings. The primary market was estimated at KZT169.1 bn, which was 24 times higher than in September. In October for purposes of financing the housing construction as part of implementation of state and government programs, administrations of eight regions and Astana city sold their municipal bonds in the amount of KZT30.7 bn at KZT0.35 % p.a.

Treasury bonds of the Ministry of Finance were sold for KZT138.5 bn.

STB accounted for 8 % of GS investors, other institutional investors – for 56.3 %, 35.7 % were bought by other legal entities.

The secondary market trading dropped 77.1 % to KZT11.2 bn, from KZT48.9 bn in September. Deals in the National Bank's notes totaled KZT9.4 bn, or 83.8 % of the total amount of trading on the secondary market.

In October STB were the most active investors on the secondary market (74.9 %), other institutional investors accounted for 23.9 %, brokers – for 1.2 %. Other legal entities and individuals didn't take part in the government securities trading.

### IFI bonds

As at the end of the period under review there were nine bonds issues of two international financial institutions – Eurasian Development Bank and European Bank for Reconstruction and Development. In the month under review Eurasian Development Bank raised KZT20.0 bn, selling its three-year bonds with YTM of 9.40 % p.a.

### Individual accounts on the securities market

At the end of October there were 108,644 individual accounts in the Central Securities Depository opened by individuals, which is by 222 accounts less than at the end of the previous month, and by 3,325 accounts more than at the beginning of 2017.

### Foreign currency market

The amount of foreign currency trading in October made up KZT1.22 trln, which is 4.4 %, or KZT56.7 bn less than in the previous month.

The table below features main parameters of currency pairs traded on KASE in the month under review (in brackets you see the change of the indicator against the previous month, the exchange rate change reflects the nominal change of the weighted average market rate of the foreign currency against the tenge).

Pair	Amount, mln currency units	Share in trading amount, %	Number of deals	Min. and max. rates, tenge per currency unit	Rate at the end of the month (chg.%)
USD/KZT	3,599.34 (+5.7 %)	71.6 % (+57.4 %)	11,104 (+3,823)	319.00–342.14	334.48 (-2.0 %)
EUR/KZT	2.4 (+4.4 %)	0.05 % (+4 b.p.)	15 (-1)	365.55–406.50	388.55 (-3.4 %)
RUB/KZT	1,423.9 (-93.1 %)	28.3 % (-57.7 %)	238 (-86)	5.3910–5.9600	5.7684 (-2.0 %)
CNY/KZT	4.1 (-53.2 %)	0.08 % (+4 b.p.)	33 (-39)	47.4600–52.3400	50.3000 (-1.7 %)

### Money market (repo and currency swap transactions)

Throughout October the money market rates remained at the previous levels, near the lower limit of the base rate corridor retained by the National Bank on October 10 at 10.25 (+/-1 %). Over the month the values of MM\_Index and indicator TONIA slightly went down by 7 and 6 b.p. accordingly, to 9.26 % p.a. Indicator TWINA, on the contrary, demonstrated growth by 3 b.p. from 9.24 to 9.27 % p.a. Retaining of the rates on the money market in the previous corridor can be considered as the fair cost of money borrowed against GS and currency determined by the market. Borrowings of the National Bank totaled KZT5,379 bn, with borrowing rates varying from 8.72 to 9.33 % p.a.

The one-day dollar swap yield remained at 9.27 % at the end of October, that of the two-day swap rose by 7 b.p. to 9.35 % p.a. Within the last 30 days rates on the currency swap market fluctuated within a corridor of 8.75 – 9.6 % p.a.

Indicator KazPrime-3M (KZT), representing the cost of funds at their placement in interbank deposits at banks that are members of the Agreement on generation of this indicator remained unchanged over the month.

The total amount of trades in October rose 4 % in October reaching KZT9.1 trln. The repo market accounted for 70 % thereof.

The trading amount was at the level of September – KZT6.5 trln, -0.4 % compared to the previous month. The daily average transaction total was KZT324.9 bn (-0.4 %).

Over 90 % of the total amount of opening repo falls on GS auto repo. The most popular instrument was the one day repo, with its share in the total amount of trading on the GS auto repo market making 96.7 %.

43 members of the Exchange took part in transactions in the repo market. More than 50 % of the total trade turnover in this segment is generated by second-tier banks. The share of non-residents in this sector is insignificant – 0.02 %.

The amount of trading in the currency swap market rose 17 % to KZT2.6 trln. The only subject of currency swap transactions is the US dollar. Over 90 % of the total trading amount are represented by deals in USDKZT\_0\_002. The daily average transaction amount is KZT129.6 bn, which is 17 % up on the previous month.

### **Futures**

Currently, futures contracts with the US dollar, KASE Index, some stocks as underlying assets are available for trading in the exchange market sector. All in all, there were 17 instruments. No deals were concluded in this segment in October. By the beginning of November the number of open positions on KASE was represented by 25,000 contracts worth a total of KZT8.6 bn.

### **For reference**

Kazakhstan Stock Exchange (KASE) is a 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 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 in the top 5 in terms of capitalization among the FEAS exchanges.

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