



PRESS RELEASE

Almaty

June 10, 2020

KASE presents results of the exchange market's operations in May 2020

Kazakhstan Stock Exchange (KASE, or the Exchange) presents results of the exchange market's operations in May 2020.

- The total amount of trading on KASE in May 2020 made KZT9,014.1 bn increasing by 2.9 %, or KZT257.1 bn, on April.
- In May KASE's official list was extended by two corporate bond issuances.
- Based on May results, KASE Index's value increased by 2.2 % to 2,324.92 points.
- The equity market's capitalization decreased by 0.04 %, or KZT6 bn, to KZT17 trln.
- The amount of corporate debt circulating on KASE decreased by 1.5 %, or KZT204.5 bn, to KZT13.5 trln.
- As of June 1, 2020 KASE's trading lists featured 441 securities of 182 issuers.
- As of June 1, 2020 there were 121,347 personal accounts opened by individuals in the Central Depository, which is by 943 accounts more than a month before, and by 3,652 accounts more than at the beginning of 2020.

EQUITY MARKET

Based on May results, the equity market's capitalization decreased by 0.04 %, or KZT6 bn, to KZT17 trln (USD41.2 bn).

As at the end of the month, KASE trading lists featured 138 stocks of 122 issuers, with three issuances admitted to circulation in the sector "unlisted securities".

In May 2020, ordinary shares of Temirtau Electrometallurgy Plant JSC were excluded from KASE's official list following the initiative of their issuer. No new shares were included in the official list.

The volume of trading in shares in May compared with April 2020 decreased by 61.3 %, or by KZT9.3 bn, to KZT5.9 bn. The average daily trading volume amounted to KZT325.3 mln, the average daily number of transactions was 819, the average volume of one transaction was KZT0.4 mln.

In the month under review, BAST JSC placed 3,580 ordinary shares in the amount of KZT50.1 mln at a price of KZT14,000 per share in the equity market's primary sector. Transactions were concluded from accounts of legal entities that are not professional market participants.

The volume of the secondary market in May amounted to KZT5.8 bn, which is 60 % lower than the April figure.

In terms of main investors, individuals were the most active whose share made 65.2 % of the total amount of transactions in shares. Brokers and dealers accounted for 15.3 %, other institutional investors – for 2.2 %, other legal entities – for 17.3 %. Second-tier banks (STB) didn't take part in the trading. Non-residents' share was 8.7 %.

KASE INDEX

KASE Index in May increased by 2.2 %, or by 49.94 points, to 2,324.92 points (the maximum value since February 26, 2020). Since the beginning of the year, the change in the indicator made up -1.6%.

Issuer	Ticker	Price change		
		as of 01.05.2020	as of 01.06.2020	in May
Halyk Savings Bank of Kazakhstan	HSBK	95.48	105.00	+10.0%
KEGOC	KEGC	1,647.68	1,760.00	+6.8%
Kazakhtelecom	KZTK	26,040.00	27,500.00	+5.6%
KAZ Minerals PLC	GB_KZMS	2,250.00	2,274.99	+1.1%
KazTransOil	KZTO	870.00	876.06	+0.7%
Bank CenterCredit	CCBN	236.70	237.86	+0.5%
Kcell	KCEL	2,574.00	2,575.00	0.0%
National atomic company "Kazatomprom"	KZAP	6,130.00	5,645.00	-7.9%

The main driver of growth were common shares of Halyk Savings Bank of Kazakhstan JSC, which during the reporting month went up by 10 % to KZT105. The key period of stock growth fell on May 26-29 (95 % of the dynamics of growth for the month). On May 28, a record trading amount for the paper since November 2010 was recorded – KZT444 mln. The main factors supporting the paper were the strengthening of the tenge (by 3.1 % in May) and the restoration of economic activity of the bank's customers. In addition, the increased liquidity of the paper in the reporting period was supported

by the correlation with quotations of the bank's GDR on the London Stock Exchange (LSE). Quotations of the bank's security grew amid a strengthening of the national currency, an increase in investors' risk appetite for emerging market papers, and the restoration of financial industry indices. In addition, investors positively accepted the news about the election of a new composition of the bank's Board of Directors, which has seven directors, five of which are independent that meets the best international practices. As of May 29, the cost of the bank's GDR (= 40 common shares) on the London Stock Exchange is fixed at USD10.20, which at the official rate of the National Bank of the Republic of Kazakhstan (NBK) on this day was equivalent to KZT105.20 per ordinary share. Despite the recommendation of the Board of Directors of Halyk Bank not to pay out dividends on ordinary shares for 2019, investors can hope to reconsider this decision in the second half of 2020 if the economic situation improves. The most severe decline was shown by ordinary shares of National atomic company "Kazatomprom" JSC, which fell 7.91 % over the month due to the ex-dividend date in the reporting month (May 28). On May 5, shares of the nuclear company managed to reach the maximum closing price level for the entire period of circulation of the security on Kazakhstan Stock Exchange – KZT 6,237 per share. The price of GDR of National atomic company "Kazatomprom" JSC on London Stock Exchange on this day was at USD15.03, which at the official rate of the NBK as of May 5, was equivalent to KZT6,394.

One of the important news in anticipation of reaching a maximum price was the conclusion of a new agreement on supply of natural uranium between National atomic company "Kazatomprom" JSC and the Argentinean company Dioxitek S.A. The company's press release notes that this agreement contributes to the geographic diversification of the portfolio of contracts and strengthens the company's presence in the South American market. On May 21, the company submitted unaudited financial statements, according to which the company's net income in the first quarter of 2020 decreased 2.4 times compared with the same period last year and amounted to KZT29.4 bn. In addition, the company notified all interested parties that production volumes in the second half

of 2020 may be lower than previously forecasted levels due to the suspension of mining and preparatory work in the fields as part of the comprehensive measures taken to prevent the spread of COVID-19.

CORPORATE BOND MARKET

The volume of corporate debt in circulation in May decreased by 1.5 %, or KZT204.5 bn, reaching KZT13.5 trln (USD32.6 bn). The reason for the decline is the decrease in the corporate debt of international bonds in tenge terms due to the strengthening of the tenge in the reporting month.

As at the end of May, 262 bond issues of 73 issuers were in KASE's official list. In the reporting month, KASE's official list was extended with two more issues of corporate bonds: an issuance of Development Bank of Kazakhstan JSC and an issuance of National Company "Kazakhstan Engineering" JSC (Kazakhstan Engineering).

In the reporting month, three corporate bond issuances were excluded from the official list due to the expiration of the circulation period: Bank RBK JSC, Subsidiary Bank "Home Credit and Finance Bank" JSC and Eurasian Bank JSC.

The value of KASE_BMY corporate bond yield index decreased in May by 29 basis points to 10.94 % per annum.

The volume of trades in corporate bonds on KASE decreased by 73.3 %, or KZT190.8 bn, on April – to KZT69.4 bn. A decrease was observed in both primary and secondary markets. The average daily trading volume amounted to KZT3.9 bn, the average daily number of transactions – 11, the average volume of one transaction – KZT352.5 mln.

Seven bond issuances of six issuers were sold on the primary corporate bond market in the total amount of KZT63.2 bn, which is by 17.5 %, or KZT13.4 bn, lower than in April.

- Mortgage organization "Baspana" JSC raised KZT21.6 bn by placing bonds KZ2C00006476 (BASPb7) and KZ2C00006484 (BASPb8) with a weighted average yield of 11.38 % and 11.37 % per annum, respectively;
- KazAgroFinance JSC raised KZT6.1 bn by placing KZ2C00006385 (KAFIb9) bonds with yield to maturity 13.00 % per annum with a maturity of 4.6 years;
- Agrarian Credit Corporation JSC raised KZT5.6 bn by placing bonds KZ2C00006161 (AGKKb12) with a yield to maturity of 9.75% per annum with a maturity of 6.4 years;
- Development Bank of Kazakhstan JSC raised KZT20.0 bn by placing twenty-year bonds KZ2C00006765 (BRKZb18) with a yield to maturity of 0.15 % per annum;
- TechnoLeasing LLP raised KZT794.1 mln by placing bonds KZ2P00006299 (THLZb1) at 18.00 % per annum with a maturity of 3.5 years;
- KEGOC JSC raised KZT9.0 bn by placing 15-year bonds KZ2C00006658 (KEGCb3) with a yield to maturity of 12.00 % per annum.

In terms of main investors on the primary corporate bond market, the share of STB made 30 %, brokers and dealers accounted for 2.7 %, other institutional investors – for 57.1 %, other legal entities – for 9.7 %, individuals – for less than 1 %. Non-residents' share was 12.8 %.

The amount of trading on the secondary bond market decreased by 96.6 %, or KZT177.4 bn, on April – to KZT6.3 bn.

In terms of main investors on the secondary corporate bond market, the share of STB made 25.8 %, brokers and dealers accounted for 49.9 %, other institutional investors – for 12.1 %, other legal entities – for 1.7 %, individuals – for 10.5 %. Non-residents' share was 18.4 %.

GOVERNMENT SECURITIES (GS) MARKET

The face value of the government debt being traded on KASE increased by KZT403.2 bn, or 2.9 %, to KZT14.2 trln (USD34.5 bn) in May.

In May, the volume of trading on the GS market decreased by 53.5 % or by KZT333.2 bn, to KZT289.7 bn. The average daily trading volume amounted to KZT16.1 bn (in the secondary market – KZT3.7 bn), the average daily number of transactions – 13 (in the secondary market – 8), the average

volume of one transaction – KZT1.3 bn (average volume of one transactions in the secondary market – KZT483.7 mln).

The volume of the primary market amounted to KZT222.9 bn, which is by 58.6 % lower than the result of April. Of these, KZT17.8 bn were attracted by akimdiks of six regions in order to fund housing construction as part of the implementation of state and government programs. The Ministry of finance raised KZT205.1 bn, which is by 41% less than in April. In total, three bond issues were placed in May: two long-term issues with a weighted average yield of 10.96 % and 10.97 % per annum and an issue of short-term securities with a weighted average yield of 10.78 % per annum. The previous placement of short-term securities of the Ministry of finance took place in August 2014.

Second-tier banks acted as buyers in the primary GS market with a share of 63.6 %, other institutional investors with a share of 28.2 %, other legal entities, whose share exceeded 8 %. Non-residents did not participate in the primary market.

The trading volume in the secondary market fell by 20.3 %, or by KZT17 bn, to KZT66.8 bn. 65.5 % (KZT43.7 bn) of the total secondary market trading turnover fell on transactions with MEKAM, 33.3 % (KZT22.2 bn) – on notes of the National Bank. The amount of transactions with GS of foreign countries reached KZT580.8 mln.

In terms of investors on the secondary market, the share of STB made 29.3 %, brokers and dealers accounted for 5.3 %, the largest share fell on other institutional investors – 46.6 %, other legal entities accounted for 18.4 %, individuals – for 1 %. Non-residents' share was 3 %.

IFI BONDS

As at the end of the period under review there were 28 bond issuances of four international financial institutions in KASE's trading lists: Eurasian Development Bank, European Bank for Reconstruction and Development, International Finance Corporation (IFC) and Asian Development Bank.

During May, due to the expiration of the circulation period, the issue of bonds of the European Bank for Reconstruction and Development, the issue of the Eurasian Development Bank and the issue of the European Investment Bank were excluded from KASE's official list.

In the month under review no deals were concluded in this sector.

UNITS OF INVESTMENT FUNDS

As of June 1, the sector "securities of investment funds" featured 11 instruments managed by eight companies.

In the month under review, the amount of trading made up KZT185 mln increasing by 16.5 %, or by KZT26.3 mln, on April.

In terms of main investor categories, 29.4 % are individuals, 19 % – brokers-dealers, 48.6 % – other legal entities and 3 % – other institutional investors.

Instrument	Volume, mln KZT	Number of deals
IE_FXBF	100.9	30
US_BIL_	39.9	4
US_SPY_	19.1	77
FFIN_or	15.5	2
CSECfe	9.6	7
	185.0	120

INDIVIDUAL ACCOUNTS ON THE STOCK MARKET

As of June 1, 2020 the Central Depository maintained 121,347 personal accounts, opened for individuals, which is by 943 accounts more than in the previous month, and by 3,652 accounts more than at the beginning of 2020.

FOREX MARKET

In May 2020, 27 members of KASE participated in the trading on the foreign exchange market on KASE. In the month under review, one broker – Freedom Finance JSC – participated in the market, its share in the gross turnover was 0.03 %.

The volume of trading in the foreign exchange market in May amounted to KZT672.7 bn, which is lower than the previous month by 10.2%, or KZT76.3 bn. The average daily trading volume in May made up KZT37.4 bn, the average daily number of transactions was 380, the average volume of one transaction was KZT98.3 mln. For comparison, the average daily trading volume in April 2020 made up KZT34.1 bn, the average daily number of transactions was 291, the average volume of one transaction was KZT117.1 mln.

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).

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 unit	Rate at the end of period (chg.%)
USD/KZT	1,600.20 (-7.0 %)	99.4 % (0%)	6,768 (+471)	411.55 – 425.41	411.55 (-3.1 %)
RUB/KZT	223.80 (-12.6 %)	0.2 % (0%)	35 (-14)	5.7270 – 5.8380	5.8260 (-0.2 %)
CNY/KZT	20.11 (-33.4 %)	0.2 % (-0.1%)	30 (-6)	57.4075 – 60.6750	57.4200 (-5.4 %)
EUR/KZT	2.08 (+59.4 %)	0.1 % (+0.1%)	10 (-1)	451.70 – 461.70	452.40 (-2.0 %)
EUR/USD	1.30 (x 2.2)	0.1 % (+0.1%)	3 (+1)	1.0800 – 1.0945	1.0800 (-0.2 %)

Despite the difficult situation in the world, the growing tension between the US and China, an increase in the number of people infected with coronavirus infection in Kazakhstan over a month, the tenge ended May with a strengthening of its position in relation to all foreign currencies traded on KASE. Against the US dollar, the tenge strengthened by 3.1 %, or KZT13.02, from KZT424.57 to KZT411.5 per currency unit. Positive data from global economies, the prospects for lifting quarantine measures, as well as the entry into force of the OPEC+ oil production cut deal to balance the market on May 1, helped to improve external sentiment. The main support for the national currency in the period under review was the growth of benchmark crude oils, the growth of investors' risk appetite for the currencies of developing countries, the period of tax payments to exporters (minerals extraction tax (MET) for the first quarter of 2020, rental tax on export for the first quarter 2020), as well as the strengthening of the Russian ruble against the US dollar, including due to increased sales of foreign currency under the budget rule.

Among the CIS countries, the greatest strengthening against the US dollar in May was demonstrated by the Kyrgyz som (+7.2 %), the Russian ruble (+6 %) and the Kazakh tenge (+3.1 %).

MONEY MARKET

By the end of May the TONIA indicator (weighted average interest rate on one-day REPO opening deals) increased by 64 b.p., from 7.89 % to 8.53 % APR, the value of the TWINA indicator (weighted average interest rate on seven-day REPO opening deals) demonstrated a decrease by 57 b.p., from 9.71 % to 9.14 % APR.

The yield of the one-day dollar swap transaction SWAP-1D (USD) reached 9.73 % per annum by the end of May, having increased from 7.82 % since the beginning of May or by 191 b.p. The yield of the two-day swap transaction SWAP-2D (USD) increased from 8.06 % to 9.87 % by 181 b.p. The composite indicator of the money market MM_Index, which is the volume-of-transactions-weighted average value of the yield on currency swap transactions USD/KZT and auto repo transactions with government securities opened for one business day, by the end of May increased by 71 b.p., from 7.89 % to 8.60 % per annum.

Repo transactions market

The volume of trading in this segment amounted to KZT6,874.4 bn, which is by KZT582.2 bn, or 9.3 %, more than in the past. The average daily volume of transactions made up KZT381.9 bn, the average daily number of transactions was 501, the average amount of one transaction was KZT761.87 mln.

97.5 % of the total amount of opening repo deals fell on deals with the GS basket. The most popular instrument in the auto market with a basket of government securities are still one-day repo transactions, with the share of transactions with it in the total volume of trading on the auto repo market with the GS basket making 94 %.

Currency swap market

The volume of trading on the currency swap transaction market increased by KZT296.8 bn, or 36.9 %, from KZT804.1 bn to KZT1,100.9 bn. All currency swap transactions in May were concluded in US dollars. The average daily volume of one-day currency swap transactions amounted to KZT42.6 bn, that of two-day currency swap transactions – KZT18.5 bn. In the instrumental structure, 68.3 % of the total trading volume (KZT751.6 bn) in the currency swap market fell on one-day currency swap transactions (USDKZT_0_001).

In May, five transactions with long-term currency swaps for one month were made to a total amount of KZT16.8 bn and three transactions for one week to a total amount of KZT16.5 bn.

DERIVATIVES MARKET

Currently, in this sector of the exchange market there are futures with the US dollar, KASE Index and particular stocks as underlying asset. No deals were concluded in futures in May. By the beginning of June there were no open positions of trading participants on the derivatives market.

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 corporate and government securities, bonds of international financial institutions, foreign currencies, transactions of the repo market – repo and swap, 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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