



PRESS RELEASE

Almaty

April 16, 2020

KASE presents results of the exchange market's operations in the 1st quarter of 2020

Kazakhstan Stock Exchange (KASE, the Exchange) presents main results of operations in the 1st quarter of 2020.

- The total amount of trading on KASE over three months of 2020 made KZT32,005.2 bn increasing by 0.8 %, or KZT265.7 bn, YoY.
- The amount of trading on the foreign exchange market increased by 23.4 % YoY to KZT3,165.2 bn.
- In the 1st quarter, money market rates increased. The MM Index reached the level of 13.28 % per annum (+322 b.p.), the TONIA grew by 319 b.p. to 13.25 % per annum.
- Since the beginning of 2020, the capitalization of the equity market decreased by 3.1 % to KZT16.7 trln.
- KASE Index fell by 5.9 % to 2,224.17.
- Since the beginning of the year, 18 issues of bonds of seven issuers were included in KASE's official list, two of them went through the listing procedure for the first time.
- The volume of traded corporate debt increased by 14.6 % to KZT13.9 trln.
- The total amount raised in the corporate bond market amounted to KZT232.8 bn.
- As of April 1, 2020, KASE's trading lists featured 446 securities issued by 183 issuers.
- As of April 1, the Central Securities Depository maintained 119,361 personal accounts opened for individuals, which is by 1,666 accounts more than at the beginning of 2020.

KEY PROJECTS AND EVENTS

In the 1st quarter of 2020 KASE implemented the following projects:

- with the support of KASE on March 12, 2020 the IV round table of Cbonds "Debt market of the Republic of Kazakhstan" was held. The Chairperson of KASE's Management Board Alina Aldambergen moderated the first session on infrastructure and regulation of the securities market of Kazakhstan. In the second session, moderated by Nataliya Khoroshevskaya, a deputy Chairperson of KASE's Management Board, the most acute and relevant issues of Kazakhstan's bond market were discussed;
- on March 5, 2020 KASE hosted the Road Show of the Sovereign Wealth Fund "Samruk-Kazyna" JSC as part of the issue of unsecured coupon bonds;
- KASE in association with the Young Presidents' Organization Kazakhstan (YPO Kazakhstan) on March 4, 2020, as part of the UN initiative "Sustainable Stock Exchanges" and the structure

"UN Women", held the conference "Sustainable Development of the Organization: Gender Equality" and the annual trading opening ceremony on the Exchange's stock market "Ring the Bell for Gender Equality". KASE joined the UN Initiative on September 24, 2015. About 70 exchanges worldwide support this action every year;

- an open lecture as part of the "KASE Talks" project with the participation of Lyazzat Ibragimova, the Chairperson of the Management Board of the Housing Construction Savings Bank of Kazakhstan, was held on February 27, 2020;
- on February 25, 2020 KASE held an introductory seminar for undergraduates of the program "Master of Science in Finance" of Nazarbayev University. The seminar was held in cooperation with the National Bank of the Republic of Kazakhstan and the Higher School of Business of AEO "Nazarbayev University" on the basis of the "Training Center of the NBK" JSC;
- on February 18, 2020 a round table devoted to possibilities of fundraising in Kazakhstan's stock market was held in Taraz, in association with the akimdik of Zhambyl region;
- on February 5, 2020 an awareness-raising seminar, themed "Fundamentals of the stock market", was held in Almaty with the aim of raising the awareness of employees of Kazakhstan's companies about the domestic stock market;
- on January 31, 2020, KASE hosted the Road Show of Development Bank of Kazakhstan JSC (DBK) as part of the offering of Eurobonds denominated in tenge;
- on January 29, 2020 KASE in association with Tengri Partners held a briefing on the introduction of the Purchasing Managers' Index (PMI) for the first time in Kazakhstan.

EQUITY MARKET

The capitalization of the stock market since the beginning of the year decreased by 3.1 % (-17.5 % in dollar terms), or KZT526 bn (USD7.9 bn), and at the end of the 1st quarter was estimated at KZT16.7 trln (USD37.3 bn). The decline was affected by a drop in prices of a number of shares.

At the end of March, 139 stocks of 123 issuers were in KASE's trading lists, of which three issuances were admitted to circulation in the unlisted securities sector.

Since the beginning of the year, two titles of ordinary shares were excluded from the Exchange's official list: Ferro-Alloy Resources Limited – following a request of their issuer, Insurance Company "Standard" JSC – due to cancellation of the issue. Now new shares were included in the official list.

The amount of trading in shares over months totaled KZT25.4 bn and increased by 3 %, or KZT746.5 mln, YoY. The average daily trading amount made KZT437.6 mln, the average daily number of transactions – 551, the average amount of one transaction – KZT0.8 mln. There were no offerings in the primary market.

In terms of main investors, the share of individuals made 49.2 % of the total amount of transactions in shares. Second-tier banks (STB) accounted for 1.1 %, brokers and dealers – for 20.4 %, other institutional investors – for 5 %, other legal entities – for 24.4 %. Non-residents' share was 15.5 %.

KASE INDEX

According to the results of the 1st quarter of 2020, KASE Index decreased by 5.9 % to 2,224.17 points. Most of the decline came in February. Despite the high volatility of foreign markets, the indicator managed to complete the March in a small plus (+0.1 %). For comparison, In January-March 2020, the Dow Jones Index fell 23.2 %, which was the highest quarterly drop since 1987. The S&P 500 index fell by 20 % over this period – the worst quarterly result since 2008. The Moscow Exchange Index also fell by 20 %.

During the 1st month of 2020, KASE Index moved in different directions under the influence of external (macroeconomic conditions) and internal factors (corporate histories). Several times KASE Index was anchored above the level of the 200-day moving average. By mid-January, the indicator reached its maximum value since July 2018. The indicator tested similar levels in mid-February. The external economic background was becoming friendlier, the US broad market stock indexes updated historic highs, commodity markets rebounded, ignoring the threat of a slowdown in the global economy due to coronavirus.

However, with the intensification of negative sentiment in global markets, the fall in oil prices by more than 50 %, the approaching risks of a global recession, and the weakening of the national currency against the US dollar, the indicator went down. Thus, in the analyzed period, two obvious resistance levels can be identified – 2,400 and 2,250 points, as well as the support level at around 2,200 points.

Change in prices on the latest deals in stocks included in KASE Index universe (for the latest deals)

Issuer	Ticker	Price change		
		as of 01.01.2020	as of 01.04.2020	since the beginning of the year
Kcell	KCEL	2,330.00	2,500.00	+7.3%
Bank CenterCredit	CCBN	226.10	239.38	+5.9%
National atomic company "Kazatomprom"	KZAP	5,218.00	5,50.00	+5.4%
KEGOC	KEGC	1,624.00	1,685.00	+3.8%
Kazakhtelecom	KZTK	27,100.00	27,000.00	-0.4%
KazTransOil	KZTO	1,035.90	904.87	-12.6%
Halyk Savings Bank of Kazakhstan	HSBK	131.00	103.99	-20.6%
KAZ Minerals PLC	GB_KZMS	2,630.02	1,942.51	-26.1%

The volume of transactions in index shares amounted to KZT23.7 bn against KZT8.9 bn in the same period last year. The largest volume of transactions fell on shares of KAZ Minerals PLC. The increased volume of securities transactions is associated with the high volatility of securities on the London Stock Exchange (LSE) and KASE in the conditions of volatile commodity markets.

Kcell' securities were the growth leader in the 1st quarter of 2020. Two factors could be called the main driver behind the growth of the company's stocks: positive financial results for 2019 and the news about the construction of a network and the joint use of frequencies with two other mobile operators (Mobile Telecom-Service LLP and Kar-Tel LLP) to provide rural areas of Kazakhstan with mobile Internet by the end of 2020.

The main factor behind the decrease in KASE Index during the reporting period was the dynamics of ordinary shares of Halyk Savings Bank of Kazakhstan JSC and KAZ Minerals PLC, with each stock weighing 15% in the basket of the index. Thus, about one third of the components of the index basket showed a decrease in prices of more than 20%. It is worth noting that both securities are also actively traded on the LSE. A significant decrease in the value of the double-listed securities compared with other securities in the index basket was due to the greater volatility of western markets and arbitrage transactions by market participants, which ultimately led to a price consolidation at the two markets.

CORPORATE BONDS

Following the results of three months of 2020, the volume of corporate debt traded on KASE increased by 14.6 %, or KZT1,774.4 bn, to KZT13.9 trln (USD31 billion).

As of April 1, 264 corporate bonds of 72 issuers were in KASE's trading lists. Since the beginning of the year, 18 bond issues of seven issuers, two issues of "Baspana" Mortgage Organization JSC, 10 issues of Subsidiary organization VTB Bank JSC (Kazakhstan), two issues of Mortgage Organization "Kazakhstan Mortgage Company" JSC, one issue of "FIVE BROKERS 'CAPITAL" JSC, "SevKazEnergo" JSC, LLOYDS BANK PLC and "Development Bank of Kazakhstan" JSC, respectively, were included in the KASE official list

Since the beginning of the year, 10 issues of corporate bonds were excluded from KASE official list: 7 issues of Sovereign Wealth Fund "Samruk-Kazyna" JSC, one issue of SevKazEnergo JSC and ForteBank JSC, respectively, due to the expiration of the circulation term, KAZEXPORTASTYK Holding JSC – due to committing default.

KASE_BMY index (corporate bond yield index of the main market) has grown by 36 b.p. since the beginning of the year, reaching 11.20 % per annum.

The total volume of the corporate bond market on KASE in the 1st quarter amounted to KZT289.4 bn, decreasing by 77.1 %, or KZT971.9 bn, YoY. The decrease was observed both in the primary

(by 68.3 %) and the secondary (by 89.2 %) markets. Such a noticeable decline is associated with major transactions that took place in the 1st quarter of 2019.

The average daily trading volume amounted to KZT5 bn, the average daily number of transactions – 7, the average amount of one transaction – KZT738.2 mln.

In total, 12 bonds issues of 7 issuers were sold on KASE. The total amount raised reached KZT232.8 bn and decreased by 68.3 %, or KZT502.7 bn. In the reporting period:

- "Baspana" Mortgage Organization JSC raised KZT79.5 bn by placing bonds KZ2C00006328 (BASPb5), KZ2C00006336 (BASPb6) and KZ2C00006484 (BASPb8) with weighted average yield of 10.74 %, 10.70 % and 10.70 % per annum, respectively;
- KazAgroFinance JSC raised KZT3.6 bn by placing KZ2C00006385 (KAFIb9) bonds at 13.00 % per annum with current maturity of 4.9 years;
- Wholesale and retail trade company JSC raised KZT150.3 mln by placing bonds KZ2C00004539 (ORPTb1) with a yield to maturity of 10.4994 % per annum with current maturity of 6.5 years;
- TechnoLeasing LLP raised KZT405.2 mln on KASE by placing KZ2P00006299 (THLZb1) bonds at 16.00 % APR with current maturity of 3.8 years;
- SevKazEnergo JSC raised KZT5.0 bn by placing seven-year bonds KZ2C00006500 (SKENb3) at 13.75 % per annum;
- First Heartland Jýsan Bank JSC raised KZT15.0 bn by placing ten-year bonds KZ2C00002913 (TSBNb27) at 0.1 % per annum;
- Sovereign Wealth Fund "Samruk-Kazyna" JSC raised KZT129.2 bn by placing 4 issues of 13-month bonds at 12.5 % per annum.

In terms of main investors on the primary corporate bond market, the share of second-tier banks (STB) made 34.9 %, brokers and dealers accounted for 2.4 %, other institutional investors – for 48.5 %, other legal entities – for 14.2 %, individuals – for less than 0.1 %, non-residents' share was 0.1 %.

The volume of sales in the secondary bond market decreased by 89.2%, or by KZT469.3 bn, to KZT56.5 bn.

In terms of main investors on the secondary corporate bond market, the share of STB made 9.6 %, brokers and dealers accounted for 4.9 %, other institutional investors – for 17.2 %, other legal entities – for 66.6 %, individuals – for 1.7 %, non-residents' share was less than 1 %.

GOVERNMENT SECURITIES (GS)

The amount of government debt traded on KASE, at face value, totaled KZT13.9 trln (USD31 bn), increasing by KZT903.4 bn, or 7 %, since the beginning of the year.

The total volume of GS trading on KASE amounted to KZT831.5 bn and increased almost 2 times (+79.4 %), or by KZT367.9 bn, YoY. March showed a record volume of KZT553.9 bn, which is 6 times higher than in February.

According to the results of the 1st quarter, the average daily trading volume amounted to KZT14.3 bn (in the secondary market – KZT5.1 bn); the average daily number of transactions is 5 (in the secondary market – 4); the average volume of one transaction is KZT2.8 bn (the average volume of one transaction in the secondary market is KZT1.3 bn).

The volume of trading in the primary GS market grew by 46.4 % and amounted to KZT533.7 billion, of which KZT23.4 bn were raised by akimdiks of four regions and the city of Nur-Sultan. The Ministry of Finance raised KZT510.3 bn at 9.47-12.0 % per annum by placing 9 issues of its bonds, with current maturities ranging from 2 to 15 years. In March, the volume of offerings amounted to KZT276.3 bn, of which KZT263 bn were raised by the Ministry of Finance and KZT13.4 bn – by akimdiks.

In terms of main investors on the primary market, the share of STB made 9.3 %, brokers and dealers accounted for 0.1 %, other institutional investors – for 86.1 %, other legal entities – for 4.4 %.

Trading volume on the GS secondary market increased three times and reached KZT297.8 bn. The share of trading in the National Bank's notes in the secondary market is still at a high level – 99 % of the total trading volume. The volume of transactions with government securities of foreign countries reached KZT362.8 mln.

In terms of main investors on the secondary market, the share of STB made 43.6 %, brokers and dealers accounted for 0.2 %, other institutional investors – for 53.6 %, other legal entities – for 2.6 %, individuals – for 0.03 %, non-residents' share was 4.1 %.

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, European Investment Bank, International Finance Corporation (IFC).

In the 1st quarter of 2020, no new IFI securities were included. Over the past period, the trading volume amounted to KZT816.9 mln. All transactions are concluded in the secondary market. In the 1st quarter of 2019, the trading volume reached KZT103.3 bn.

In terms of main investors, brokers and dealers accounted for 50.5 %, other institutional investors – for 49.5 %.

UNITS OF INVESTMENT FUNDS

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

In the quarter under review, the amount of trading made KZT616.1 mln, increasing 7 times YoY.

Instrument	Amount, mln KZT	Number of transactions
US_BIL_	330.1	11
CSECfe	84.9	12
CSECgm	52.3	15
IE_FXBF	47.8	41
FFIN_or	46.0	2
US_SPY_	34.2	64
ASYL_or	20.7	5
	616.1	150

In terms of main investor categories, the share of individuals made 51.2 %, brokers and dealers accounted for 29.6 %, institutional investors – for 3.8 %, other legal entities – for 15.4 %. Non-residents' share was estimated at 3.9 %.

INDIVIDUAL ACCOUNTS ON THE STOCK MARKET

As of April 1, 2020 the Central Depository maintained 119,361 personal accounts, opened for individuals, which is by 1,666 accounts more than at the beginning of 2020.

FOREX MARKET

The volume of trading on the foreign exchange market reached KZT3,165.2 bn, which is up by 23.4 %, or by KZT600 bn, YoY. This positive trend is mainly due to an increase in the trading volume in March 2020 relative to February 2020 by 83.3 %, and to March 2019 – by 83.8 %.

The average daily trading volume in the 1st quarter amounted to KZT54.6 bn. The average daily number of transactions was 363. The average volume of one transaction in the 1st quarter of 2020 – KZT150.3 mln.

For the tenge, the situation in the foreign exchange market in the 1st quarter, as a whole, was negative. This was facilitated by both the external background and its projection onto the macroeconomic picture within the country.

The combined influence of external factors led to a weakening of the nominal rate of the tenge against the US dollar by 17 % to KZT447.67.

The table below provides main characteristics of currency pairs traded on KASE (in the brackets: the change of the indicator on the similar period of the previous year, 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 trades 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	7,923.86 (+17.5 %)	98.6 % (-0.6 %)	20,648 (+5,331)	375.87 – 448.50	447.67 (+17.0 %)
RUB/KZT	5,579.75 (x 3.8)	1.0 % (+0.7 %)	213 (-33)	5.3929 – 6.2032	5.7950 (-6.5 %)
CNY/KZT	116.73 (+59.7 %)	0.2 % (+0.1 %)	137 (-38)	53.4087 – 64.5200	63.1000 (+14.9 %)
EUR/KZT	11.36 (-38.5%)	0.2 % (-0.2 %)	57 (0)	406.00 – 487.00	487.00 (+13.7 %)

MONEY MARKET

In the 1st quarter of this year, the money market, like all other markets, was subject to a systemic and non-systemic attack. The main reasons for the increased volatility were the threat of a viral pandemic and oil shock. As a result, indices sagged significantly in the face of uncertainty and expectations of a decline in industrial and consumer demand. The total trading volume on the money market reached KZT27.7 trln, and increased by +1.4 % YoY.

The composite money market indicator MM_Index, which is the average weighted through the volume of transactions value of the yield on USD/KZT currency swap operations and automatic repo transactions with government securities opened for one day, increased by 322 b.p. by the end of March: from 10.07 % to 13.28 % per annum.

The indicator KazPrime-3M (KZT) changed proportionally from 10.25 % to 13.5 % on March 10 and remained unchanged until the end of the 1st quarter.

Repo transactions market

The volume of trading in this segment amounted to KZT23.6 trln, which is up 23.7 % YoY. The average daily volume of repo transactions amounted to KZT406.3 bn, the average daily number of transactions – 482, the average amount of one transaction – KZT843.1 mln. A significant part of repo transactions is made up of auto repo transactions with the GS basket – more than 97 %.

According to the results of the 1st quarter, the TONIA indicator grew by 319 b.p. to 13.25 % per annum. The indicator was relatively stable after the New Year's volatility until the end of February, the volatility increased at the time of tax payments to the budget – January 20 and 27, 2020.

The TWINA indicator repeated the form of the TONIA's volatility, but to a lesser extent the amplitude of the spread, the average value for three months of 2020 was 10.1 % per annum. Volumes did not exceed the peak values of the previous year. The TWINA has grown 325 b.p. since the beginning of the year and reached the level of 13.26 % per annum.

Currency swap transactions

The amount of trading on the currency swap market decreased by 50.1 %, to KZT4,129.34 bn. The average daily volume of transactions amounted to KZT71.2 bn, the average daily number of

transactions – 25, the average volume of one transaction – KZT2.8 bn. In terms of instruments, more than 70 % of the total trading amount (KZT2.9 trln or USD7.6 bn) fell on transactions with the two-day currency swap (USDKZT_0_002).

The volume of transactions with "long" currency swaps amounted to USD10 mln (KZT3.5 bn) for one week and USD140 mln (KZT54 bn) for one month. The yield on transactions varied in the range of 8.25 % – 14.5 % per annum.

DERIVATIVES MARKET

Currently, in this sector of the exchange market there are futures with the US dollar and KASE Index as underlying asset. No deals were concluded in futures in the 1st quarter. By the beginning of April there were no open positions of trading participants on the derivatives market.

KASE'S OPERATION IN CONDITIONS OF SPREADING OF CORONAVIRUS INFECTION COVID-19

A state of emergency was introduced in the Republic of Kazakhstan following a decree No. 285 of the President of the Republic of Kazakhstan "On the introduction of a state of emergency in the Republic of Kazakhstan" dated March 15, 2020, due to which fact the acting Chief state sanitary doctor of the city of Almaty issued a Resolution No. 8 of March 18, 2020 "On introducing the quarantine regime in the territory of Almaty". Following a joint order No. 88 of the Chairman of the National Bank of the Republic of Kazakhstan dated March 27, 2020 and No. 169 of the Chairman of the Agency of the Republic of Kazakhstan on regulation and development of the financial market dated March 27, 2020 "On the mode of operation of the subjects of the financial market" from March 30, 2020, KASE operates according to a schedule from 09:00 to 15:00 of the time of Nur-Sultan.

In this regard, from March 27, 2020, temporary rules and conditions were established for conducting trades, settlements and clearing on KASE's exchange markets. A trading session on the foreign currencies market and currency swap transactions market is held from 10:15 to 13:00 o'clock with an intermediate fixing of the average rate of the US dollar at 11:00 o'clock. Transactions in the stock market and repo transactions market – from 10:00 to 13:00 o'clock. The time for completion of the clearing session is set at 14:00 o'clock, of settlements – 15:00 o'clock. There are no trades on the derivatives market nor additional sessions on repo and currency swap instruments.

KASE extended the deadlines for reporting by members of the Exchange, listed securities admittance initiators and audit organizations during the state of emergency in the Republic of Kazakhstan, as well as within 30 calendar days from the date of cancellation of this regime. At the same time, the extension of the deadlines for the provision by admittance initiators of annual reporting and information by audit organizations will be in effect during 2020. For efficient operation, the Exchange has established full communication with its customers and partners via telephone and video conferencing.

In order to ensure the continuity of its operations and protect the health of its employees, the Exchange implements the KASE Operation plan in conditions of the spreading coronavirus infection COVID-19. Most of the employees have been transferred to a remote work format using technologies of remote access to the Exchange's resources.

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, that possesses modern technologies and provides a full range of trading and post-trading services in accordance with accepted international standards. 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's Sustainable Stock Exchanges initiative.

KASE actively contributes to the economic growth of Kazakhstan by providing a transparent investment environment for local and foreign participants.

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