

## PRESS RELEASE

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

Kazakhstan Stock Exchange (KASE, the Exchange) informs you about the main results of operations in August 2020.

- The total amount of trading on KASE made up KZT7,995 bn in August, decreasing by 6.8 %, or KZT586.2 bn, compared with July.
- The value of KASE Index increased by 1.2 %, or 29.90 points, to 2,475.71 points.
- The equity market's capitalization increased by 1.9 %, or KZT332.4 bn, to KZT17.9 trln.
- The volume of traded corporate debt increased by 4.1 %, or KZT561.4 bn, to KZT14.3 trln.
- In August 2020, three new issuers underwent listing on KASE, including Microfinance Organization OnlineKazFinance LLP – the first microfinance company whose bonds are included in KASE's lists.
- As of September 1, 2020, KASE's trading lists featured securities of 446 titles of 182 issuers.
- As of September 1, 2020, there were 124,436 personal accounts opened at the Central Depository by individuals, which is by 1,158 accounts more than a month before, and by 6,741 accounts more than at the beginning of 2020.

### KEY PROJECTS AND EVENTS

In August 2020 KASE implemented the following events and projects:

- On August 27, 2020, KASE held a regional online conference "Capital Markets of Central Asia and Azerbaijan: Challenges and Prospects" with the participation of six exchanges from five countries.
- KASE launched an electronic payment method for clients of the Exchange's information product "Web-Quotes" – viewing trades in real time on the Exchange's website.
- KASE launched a comprehensive training program for university students "Trading on KASE: from A to Z", consisting of theoretical and practical blocks.
- On August 5, 2020, KASE, together with the training project on improvement of financial literacy Fingramota.kz of the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market (ARDFM) and in partnership with the resource Factcheck.kz and the Media School ICJ "MediaNet" held an online seminar "Stock Market: Covering Competently" for representatives of mass media.
- On August 4, 2020, within the framework of the "Issuer Day" project, KASE held an online meeting with the management of Kcell JSC for investors, professional participants of the securities market and mass media representatives.
- On August 3, 2020, KASE transferred exchange trading in the stock market to the new trading and clearing system ASTS+ and became the central counterparty for all financial instruments of the stock market.

## EQUITY MARKET

Based on results of August, the capitalization of the equity market increased by 1.9%, or KZT332.4 bn, amounting to KZT17.9 trln (USD42.6 bn). The largest decrease in capitalization (-25.4 %) was experienced by NOSTRUM OIL & GAS PLC, the largest growth (+127.5 %) – by BAST JSC.

As of the end of August, shares of 139 titles of 123 issuers were in the KASE's trading lists, with three issues admitted to circulation in the sector of unlisted securities. In August, common shares of Insurance Company "Sinoasia B&R" JSC were included in KASE's official list.

The volume of trading in shares in August compared to July 2020 increased 4.3 times, or by KZT37.2 bn, to KZT48.5 bn. The average daily trading volume amounted to KZT2.4 bn, the average daily number of transactions amounted to 859, the average volume of one transaction – to KZT2.8 mln.

Among the main categories of investors, individuals were the most active, with their accounts accounting for 68 % of the total volume of equity transactions. The share of brokers and dealers amounted to 11.7 %, the share of other institutional investors – to 0.5 %, the share of other legal entities reached 19.7%. Second-tier banks (STB) accounted for 0.2%. The participation of non-residents is estimated at 9.2%.

## KASE INDEX

According to the results of August, KASE Index grew by 1.2%, or by 29.90 points, to 2,475.71 points (maximum value in 2020, the maximum value since April 16, 2019). Since the beginning of the year, the indicator has changed by +4.7 %. The volume of transactions in index shares in August amounted to KZT17.9 bn, which is by 133.4 % more than in July.

### Change in prices of stocks from KASE Index universe

Issuer	Ticker	Price change		
		as of 01.08.2020	as of 01.09.2020	in August
KAZ Minerals PLC	GB_KZMS	2,913.99	3,089.00	+6.0%
Halyk Savings Bank of Kazakhstan JSC	HSBK	116.78	120.50	+3.2%
Kazatomprom JSC	KZAP	6,019.00	6,100.00	+1.3%
Kcell JSC	KCEL	2,529.99	2,525.00	-0.2%
KEGOC JSC	KEGC	1,710.00	1,704.92	-0.3%
KazTransOil JSC	KZTO	814.87	810.50	-0.5%
Bank CenterCredit JSC	CCBN	230.00,	228.15,	-0.8%
Kazakhtelecom JSC	KZTK	26,990.00	26,500.00	-1.8%

The main driver behind KASE Index's growth were ordinary shares of KAZ Minerals PLC, which in the reporting month grew by 6% to KZT3,089. On the last trading day of the month, shares of the copper mining company once again managed to update the maximum value of the price for 2020, thereby demonstrating growth by 17.4 % since the beginning of the year, and growth from the minimum mark in 2020 (March 16) made 101.9 %. The value of the issuer's shares on the London Stock Exchange (LSE) during the reporting period increased by 7.3 % to 580.60 British pence. The triggers behind the growth of the company's stock must be the active recovery in copper prices and potential dividend payments for 2019. In addition, the data on the growth of China's exports in July by 7.2% YoY could have a positive effect, which may indicate a faster recovery of the economy of the PRC, the main consumer of copper in the world. Copper prices on the COMEX exchange for the reporting period rose by 6%, which allowed them to return to levels before the March collapse.

On August 18, the company presented financial results for the first half of 2020, according to which EBITDA for January-June 2020 decreased by 9.8% to \$559 bn. The company said in a statement that it managed to reduce its total cash cost to \$0.137 per lb and retain the leading position in the industry on net cash cost, cutting the figure down to \$0.68/lb. Due to a local decline in copper prices in the spring of this year, the group's operating income for the same period decreased by 12.9 % to \$357 mln. Net income of KAZ Minerals in January-June 2020 decreased by 13.2%, to \$197 million. The issuer's statement also notes that the risks of COVID-19 persist, but after excellent production performance in the first half of the year, KAZ Minerals is on track to achieve production targets. Also, KAZ Minerals group announced on August 18 that it planned to pay interim dividends for the first half of 2020 in the

amount of \$0.04 per share, which is almost identical to the amount of payments for the same period last year.

The second-best result in August was demonstrated by ordinary shares of Halyk Savings Bank of Kazakhstan JSC, which rose in price by 3.2% to KZT120.50 over the month. During almost the entire month, the bank's shares were in a sideways trend, but in the past few days there has been a sudden hike in the price of around 6%. The value of the shares on the local market, most likely, sought to neutralize the difference with the bank's GDR on the LSE, the price of which increased by 5.4% to 11.70 British pence (KZT122.49 per share at the official exchange rate of the National Bank as of August 28). On August 17, Halyk Savings Bank of Kazakhstan JSC reported consolidated financial results for the first six months of 2020, according to which the bank's net income decreased by 16.5 % to KZT74.9 bn, mainly due to an increase in expenses on credit losses. The bank's interest income in the first half of the year increased by 1.1 % to KZT359.9 bn, interest expenses, on the contrary, decreased by 8.7 %, to KZT151.4 bn. Net interest margin increased to 5.2 % per annum in January-June 2020 compared with 5.1 % per annum in the same period in 2019. On August 19, Halyk Bank announced that it had paid dividends on ordinary shares of the bank for 2019 from the retained earnings of previous years in the amount of KZT17.08 per ordinary share in accordance with the decision made at the extraordinary general meeting of shareholders on July 23.

## CORPORATE BOND MARKET

The volume of outstanding corporate debt in August increased by 4.1 %, or KZT561.4 bn, reaching KZT14.3 trln (USD34 bn). At the end of July, 262 issues of corporate bonds of 70 issuers were in KASE's official list. In the reporting month, KASE's official list was extended by three issues of corporate bonds of three issuers, one of which underwent the listing procedure on KASE for the first time: an issue of Transtelecom JSC, Microfinance Organization OnlineKazFinance LLP (new issuer), Agrarian Credit Corporation JSC.

In the reporting month, two issues of corporate bonds were excluded from the official list due to the expiration of the circulation period: EKOTON + JSC and Aktobe Oil Refinery LLP.

The value of the yield index of corporate bonds KASE\_BMY increased in August by 7 basis points to 10.99 % per annum.

The volume of trades in corporate bonds on KASE increased 2.3 times, or by KZT147.7 bn, on July, to KZT257.5 bn. The average daily volume of trades amounted to KZT12.9 bn, the average daily number of transactions – 34, the average volume of one transaction – KZT 379.7 mln.

Six issues of bonds of six issuers were placed on the primary corporate bonds market for a total of KZT251.7 bn., which is 2.6 times, or KZT154.4 bn, up on July.

- Mortgage Organization "Kazakhstan Mortgage Company" JSC raised KZT480.0 mln, by placing thirty-year bonds KZ2C00004349 (KZIKb29);
- Kazakhstan Sustainability Fund JSC raised KZT17.1 bn by placing bonds KZ2C00006484 (BASPb8) with a weighted average yield to maturity of 10.9871 % per annum and current maturity of 2.6 years;
- KazAgroFinance JSC raised KZT1.6 bn by placing bonds KZ2C00006781 (KAFIb10) with a yield to maturity of 12.7% per annum and current maturity of 4.4 years;
- Baiterek Development JSC raised KZT200.0 bn by placing eleven-year bonds KZ2C00006815 (BTDVb5) with a yield to maturity of 6.0200 % per annum;
- Microfinance Organization OnlineKazFinance LLP raised KZT1.9 bn by placing two-year bonds KZ2P00006877 (MFOKb1) at 19.0 % per annum;
- Agrarian Credit Corporation JSC raised KZT30.5 bn by placing ten-year bonds KZ2C00006922 (AGKKb14) with a weighted average yield to maturity of 10.7500 % per annum.

In terms of main investors on the primary corporate bond market, the share of STB made 5.5 %, brokers and dealers accounted for 0.2 %. Other institutional investors accounted for 13.8 %, other legal entities – for 80.1 %. Non-residents' share was 0.5 %.

In the secondary bond market in August, the volume of trades fell by 53.4 %, or by KZT6.6 bn, to KZT5.8 bn, on July.

In terms of main investors on the secondary corporate bond market, the share of STB made less than 0.1 %, brokers and dealers accounted for 28.2 %, other institutional investors – for 56.8 %, other legal entities – for 3.4 %, individuals – for 11.6 %. Non-residents' share was 2.4 %.

## GOVERNMENT SECURITIES (GS) MARKET

The face value of government debt traded on KASE according to results of August increased by 3.5 %, or KZT529 bn, to KZT15.6 trln (USD37.2 bn).

In August, the volume of trades in the GS market decreased by 37% or by KZT238.7 bn, to KZT406.5 bn. At the same time, the volume of the GS market for 8 months of this year is more than 2 times higher than the total indicator for 2019. Growth relative to the previous year is demonstrated by both the primary and secondary GS markets.

The average daily trading volume was at the level of KZT20.3 bn (in the secondary market – KZT2.4 bn), the average daily number of transactions – 6 (in the secondary market – 3), the average volume of one transaction – KZT3.7 bn (the average volume of one deal in the secondary market – KZT757.3 mln).

The primary market volume amounted to KZT358 bn, which is 23.1 % lower than the July result. Of these, KZT203 bn were raised by akimdiks of 14 regions, Almaty and Nur-Sultan and Shymkent in order to funds activities under implementation of the state program "Employment Roadmap for 2020-2021". The Ministry of Finance raised KZT155 bn, which is 65.6 % less than in July. In total, four bond issues were placed in August with a weighted average yield of 10.52–10.79 % per annum. Brokers and dealers acted as buyers, their share made 0.9 %, other institutional investors accounted for 41.8 %, other legal entities with – for 57.3 %. The share of non-residents was 0.6 %.

The volume of trades in the secondary market in August decreased by 73.1 %, or by KZT131.4 bn, to KZT48.5 bn from KZT358 bn. 62.4%, or KZT30.2 bn of the total trading turnover in the secondary market fell on deals with MEKAM, 36.9 %, or KZT17.9 bn – on notes of the National Bank. The rest of the volume, which is less than 1% (KZT343.2 mln), fell on transactions with Eurobonds of the Republic of Kazakhstan and GS of foreign states.

In the structure of investors in the secondary market, STBs accounted for 36.5 %, brokers and dealers – for 5.4 %, other institutional investors – for 35.9 %, other legal entities – for 22.3 %, participation of individuals didn't exceed 1%.

The participation of non-residents is estimated at 8.2 %.

## IFI BONDS

As of the end of the reporting period, KASE's trading lists included 30 bond issues of four international financial institutions: Eurasian Development Bank, European Bank for Reconstruction and Development, International Finance Corporation (IFC) and Asian Development Bank.

During the reporting period, two bond issues were included in KASE's official list: an issue of Eurasian Development Bank and an issue of European Bank for Reconstruction and Development, which were successfully placed in KASE's trading system in the amount of KZT40 bn at 11% per annum and KZT60 bn with a margin to the six-month coupon 1% respectively. The total volume of placements amounted to KZT100 bn.

In terms of the main categories of investors in the primary IFI bond market, the share of STBs made up 19%, the share of other institutional investors – 74%, that of other legal entities – 7.1%. Non-residents did not participate in the auction.

During August, one deal was concluded on the secondary market for the amount of KZT15.2 mln between legal entities and individuals.

## UNITS OF INVESTMENT FUNDS

As of August 1, the sector "securities of investment funds" featured 12 instruments managed by nine companies.

In August, said sector included units RU000A101NK4 of a closed unit investment trust of market financial instruments "Fund of initial offerings" under the management of Managing Company "East-West" LLC.

In the month under review, the trading amount made up KZT525.2 mln, decreasing by 18.4 %, or by KZT118.4 mln, on July.

Instrument	Volume, mln KZT	Number of deals
FFIN_or	423.3	8
CSECFE	38.0	9
US_SPY_	31.9	61
CSECgm	25.6	9
IE_FXBF	6.4	64
	525.2	151

In terms of the main investor categories, 49.7 % are individuals, 42.5 % are other legal entities, 4.8 % – other institutional investors, and 3 % – brokers and dealers.

Freedom Finance JSC, the managing company of the interval unit investment trust "Fixed Income", notified KASE of payment on July 10, 2020 of dividends to holders of units KZPF0000082 (FFIN\_or) for the second quarter of 2020. According to the information provided, the amount of payment was KZT7,096,147.96, the record date was June 30, 2020.

### INDIVIDUAL ACCOUNTS ON THE STOCK MARKET

As of September 1, 2020, the Central Depository maintained 124,436 personal accounts, opened for individuals, which is by 1,158 accounts more than a month before, and by 6,741 accounts more than at the beginning of 2020.

### FOREX MARKET

In August 2020, 30 KASE members took part in trades on the foreign currency market on KASE. In the reporting month, two brokers – Freedom Finance JSC and CAIFC INVESTMENT GROUP JSC operated in the market, their share in the gross trading turnover amounted to 0.05 %.

The volume of trades in the foreign currency market was at the level of KZT935.2 bn, which is higher than the previous month by 7.6% or KZT66.1 bn. The average daily volume of trades amounted to KZT46.8 bn, the average daily number of transactions – 492, the average volume of one deal – KZT95.1 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	2,198.1 (+6.3 %)	77.3 % (-1.9 %)	9,655 (+179)	417.87 – 420.11	420.11 (+0.5 %)
RUB/KZT	461.6 (+52.1 %)	16.2 % (+4.6 %)	106 (+16)	5.5676 – 5.7595	5.8249 (-1.7 %)
CNY/KZT	182.3 (-23.5)	6.4 % (-2.7 %)	59 (-40)	59.7200 – 61.1449	61.1449 (2.4 %)
EUR/KZT	2.6 (-3.2 %)	0.1 % (0%)	13 (+1)	492.14 – 496.90	494.84 (+0.004 %)

As follows from the presented data, the tenge ended August with a symbolic weakening against the main currencies, but strengthened against the ruble. The weakening of the tenge was facilitated by slightly changing oil prices and tensions between the United States and China, however, the slowdown in the growth of morbidity in the country and worldwide, as well as the gradual easing of quarantine measures, act as support for the national currency. During the current month, the tenge has depreciated against the US dollar by 0.5 % from KZT418 to KZT420.11 per currency unit. Among the CIS countries, the Kazakh tenge (+0.5%) and the Kyrgyz som (+2.2%) showed the least weakening against the US dollar in August, while the Russian ruble strengthened (-0.5%).

## **MONEY MARKET**

By the end of August, the TONIA indicator (the weighted average interest rate on repo opening deals for one business day) increased by 118 b.p. from 8.41 % to 9.59 % per annum compared with July.

The TWINA indicator (the weighted average interest rate on repo opening deals for seven working days) showed a decrease of 39 b.p. from 9.47 % per annum to 9.08 % per annum.

The value of the one-day dollar swap SWAP-1D (USD) at the end of August increased by 162 b.p. from 8.11 % to 9.73 % per annum. The yield on the two-day swap SWAP-2D (USD) increased by 122 b.p. from 8.76 % to 9.98 % per annum.

The KazPrime-3M (KZT) indicator in August demonstrated stability, remaining unchanged in terms of supply at the level of 10.5 % within the upper border of the National Bank's base rate corridor, and in terms of demand at 7.5 % within the lower border of the National Bank's base rate corridor.

The MM\_Index composite money market indicator, which is the average value of the yield of USD/KZT currency swaps and automatic repo transactions with GS, opened for one business day, weighted through the volume of transactions, increased by 121 b.p. from 8.38 % to 9.59 % per annum by the end of August.

## **REPO transactions market**

The volume of trades in this segment amounted to KZT5,738.4 bn, which is less than last month (in July the volume of repo transactions amounted to KZT6,307.2 bn) by KZT568.7 bn, or 9%. The average daily volume of transactions amounted to KZT286.9 bn, the average daily number of daily concluded transactions – 366, the average volume of one transaction – KZT784.7 mln.

## **Currency swap transactions market**

The volume of trades in August on the currency swap transaction market decreased by KZT129.0 bn., or by 20.2%, from KZT637.4 bn to KZT508.4 bn.

The average daily volume of transactions amounted to KZT25.4 bn, the average daily number of transactions – 12, the average volume of one transaction – KZT2.2 bn. In the instrumental structure, 54.1% of the total trading volume (KZT274.8 bn, or USD1.3 bn) in the currency swap market fell on transactions with the two-day currency swap (USDKZT\_0\_002), 41% of the total trading volume (KZT208.5 bn, or USD0.997 bn) in the currency swap market fell on transactions with the one-day currency swap (USDKZT\_0\_001), 4.9% of the total trading volume (KZT25.1 bn, or USD0.1 bn) for transactions with the one-month currency swap (USDKZT\_01M).

The average daily volume of one-day currency swap transactions USDKZT-1D amounted to KZT10.4 bn, two-day currency swap USDKZT-2D – KZT13.7 bn.

## **Derivatives market**

In the sector of the exchange market there are futures, the underlying assets of which are the US dollar, KASE Index and particular shares. By the beginning of September, there were no open positions of traders on the derivatives market, not transactions were carried out in August.

## **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 money market – repo and swap, as well as derivatives, it possesses modern technologies and provides a full range of trade and post-trade 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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