

KAZAKHSTAN STOCK EXCHANGE

PRESS RELEASE

Almaty

October 11, 2016

Kazakhstan Stock Exchange JSC (KASE) hereby announces the highlights of its 9M 2016 performance.

- **Trading volume** on KASE demonstrates a 10% increase to KZT73.2 trln (USD212.3 bn) as compared to the corresponding period of the last year
- Repo trading volume tripled to KZT44.8 trln
- **Stock market capitalization** grew by 7.1%. As of October 1, 2016 it made KZT13.3 trln, comparable to 33% of GDP
- Year-to-date, **KASE index increased by 38.7%** or by 51.5%
- KASE listed 119 issues of shares of 100 issuers, which is a historical peak
- Number of accounts opened by individuals in the accounting system of the Central Depository reached a new high – 104,447
- In July KASE held Aktobe Metalware Plant IPO, whereby the issuer sold shares worth KZT800 m mainly to retail investors

Stock Market Highlights

The stock trading volume in 9M 2016 amounted to KZT73.2 trln, which is higher than the last year's result (KZT66.5 trln) by KZT6.7 trln, or 10.0%. The growth is largely attributed to the repo market with a tripled volume.

Shares

YTD, the stock market capitalization grew by KZT940.4 bn or 7.1% to KZT13.3 trln, comparable to 33% of GDP. In 9M 2016 the equity trading volume amounted to KZT132.8 bn and grew by 5.9% excluding a large deal to sell 10% of KazMunayGas shares last year.

In July 2016 KASE held subscription for ordinary shares of Aktobe Metalware Plant. The IPO raised KZT800.0 m for the company. The shares were offered at KZT11,177 per share. As of October 1, 2016 the share price increased by 43.2% to KZT16,000.1, which enables the IPO participants to fix the yield at 209.7% per annum.

KASE index growth in 9M 2016 made 332.5 points or 39%, being 51.5% per annum. The trend confirms the growing interest of investors in KZT instruments.

Change in price of KASE Index shares

Issuer	Price as of October 1, 2016	YTD trend, %
KAZ Minerals PLC	937.1	+99.4
KEGOC JSC	1,085.0	+48.6
KazTransOil JSC	1,078.0	+45.7
Kazakhtelecom JSC	12,400.0	+33.6
Halyk Savings Bank of Kazakhstan JSC	52.7	+27.9
Bank CenterCredit JSC	151.0	+14.8

KazMunayGas Exploration Production JSC	15,332.0	+13.2
Kcell JSC	1,100	-7.6

In September, the number of companies with their shares listed reached a historical peak on KASE. Currently 119 issues of shares of 100 issuers are available for trading. During the reporting period fourteen issues of shares of Scipio JSC, AsiaCredit Bank JSC, KM GOLD JSC, Aktobe Metalware Plant JSC, Temirtau Electro-Metallurgy Plant JSC, Karazhyra JSC, Altyntau Kokshetau JSC, and seven issues of shares of the Russian companies VTB Bank PJSC, Uralkali PJSC, Sberbank of Russia PJSC, Rostelecom PJSC, Magnit PJSC, Gazprom PJSC, Aeroflot – Russian Airlines PJSC using an unsponsored listing simplified procedure, were listed on KASE.

As of October 1, 2016, the maximum number of accounts opened by individuals was recorded in the accounting system of the Central Depository – 104,447. This is a 3% increase YTD, and on average 435 new accounts were opened with the Central Depository every month.

Corporate Bonds

In 9M 2016 the corporate bond trading volume on KASE amounted to KZT381.5 bn, which is a 54.6% decrease as compared to the corresponding period of 2015.

Currently, the trading lists of KASE include 270 issues of debt instruments of 70 issuers. In 9M 2016 22 bond issues of National Company Kazakhstan Temir Zholy JSC, ForteBank JSC, Development Bank of Kazakhstan JSC, SB VTB Bank JSC, Kazinvestbank JSC, Qazaq Banki JSC, KEGOC JSC, Magnum Cash&Carry JSC, Bank RBK JSC, Buzgul Aurum LLP, ARLAN WAGONS LLP, Alatau Zharyk Company JSC, PAVLODARENERGO JSC, Altyn Bank JSC, Freedom Finance JSC were listed.

The slowdown in the corporate bond market trading was due to a significantly more expensive funding. The large quasi-government companies National Company Kazakhstan Temir Zholy JSC and KEGOC JSC placed their bonds this year at 16.9% and 18.6%, respectively. Such financing is expensive for banks, and in 2015 the very banks placed the bulk of corporate bonds on KASE.

Government Securities

In 9M 2016 the offering volume in this sector amounted to KZT218.2 bn, of which KZT180.0 bn were raised by the Ministry of Finance as a single issue and KZT38.2 bn were bonds of local executive bodies (which were placed under the state housing program). Smaller amounts were brought to the primary government securities market with a buyback of notes of the National Bank.

There was a significant rise in the government securities secondary market activity. The relevant trading volume increased from KZT7.0 bn (in 9M 2015) to KZT197.5 bn in 2016. The total trading volume of the National Bank short-term notes amounted to KZT195.6 bn or 99.0% of the government securities secondary market turnover.

Foreign Exchange

The total FX trading volume amounted to KZT 27.3 trln, having decreased by KZT22.1 trln or 44.7%, compared with the result of 2015. This is attributed to a lower interest of market participants to the US dollar, which led to a lower trading volume (KZT-21.9 trln or 53.0%) on the swap market and on the spot market (- 242.8 billion tenge or 3.0%).

Given the favorable spot market trends compared to the previous year and the National Bank monetary policy implementation, the rates on overnight currency swaps decreased from 79.6% per annum as of January 1 to 12.7% per annum as of the end of September.

Repo

In 9M 2016 the repo trading volume increased by KZT30.0 trln or tripled compared to the previous year and amounted to KZT44.9 trln. Tenge liquidity deficit observed on the market

in 2015 and in January 2016 was replaced by a surplus mainly as a result of tenge strengthening against US dollar.

Key projects and activities

The list of T+2 traded securities, including the shares of Bank CenterCredit JSC, Halyk Savings Bank of Kazakhstan JSC, Kazakhtelecom JSC, KazMunayGas Exploration Production JSC (common and preferred shares), KazTransOil JSC, Kcell JSC, KEGOC JSC, KAZ Minerals PLC, BAST JSC, Bank of America Corporation, Kazkommertsbank JSC, was extended.

On August 31, 2016 KASE Board of Directors approved the Development Strategy for 2016-2018.

On 5 September a new Commercial bonds sector in KASE official list was established to enable the listed companies to issue and offer bonds on KASE with a maturity not exceeding 12 months and quickly raise short-term funds.

Details

KASE is the leading stock exchange in the Central Asian region and the only exchange in Kazakhstan, carrying out their 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 the member of the World Federation of Exchanges (WFE), Federation of European and Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative. KASE is ranked as the 2nd CIS exchange in terms of securities trading volume, while being in the top 5 FEAS stock exchanges in terms of the stock market capitalization.

Additional information: +7 (727) 237 5342, pr@kase.kz