

KAZAKHSTAN STOCK EXCHANGE

PRESS RELEASE

Almaty

July 12, 2017

Kazakhstan Stock Exchange (KASE, Exchange) announces the main performance highlights for the first half of 2017.

- *On June 1, 2017, a new structure of KASE official list was introduced with a separate market allocated for securities of companies with small and average capitalization.*
- *In 2017, the shares of five issuers and bonds of ten issuers underwent KASE listing procedure. The number of issuers with their securities listed on the Exchange reached 147.*
- *The initial offerings in the CS market reached KZT104.9 bn in 2017, including KZT82.3 bn raised on corporate bonds, KZT7.6 bn on shares, and KZT15 bn on the international financial organizations market.*
- *On June 12-26 Bank of Astana's IPO was held on KASE, through which the issuer raised KZT6.5 bn. The demand exceeded the original offer 2.6 times.*
- *In 2017 KASE index grew by 22% to 1,659.90 or the maximum value for the last six years.*
- *The half-year total trading value on KASE reached KZT88.7 trln and increased relative to the comparable period of the previous year by 80% or KZT39.4 trln. The growth was demonstrated in such markets as shares (+12.7%), government securities (+31%), repo (+22.3%) and currency swap (3 times growth).*
- *As of July 1, 2017, there were 108,445 personal accounts opened by individuals with Central Depository, which is 1,107 accounts more than a month earlier.*
- *KASE signed a Memorandum of Cooperation with MOEX and RA RFCA.*

Key projects and events

Under KASE Development Strategy for 2016-2018, the following activities were implemented in the first half of 2017:

- In order to diversify the issuer base and allow room for the actively growing mid-cap companies, including those at the initial stage of business development, on June 1, 2017 KASE introduced a new version of the Listing Rules to offer three markets, "Main", "AIM" and "Mixed", within the structure of the Exchange's official list.

Currently, 59 issuers are in the Main Market's Shares Sector, including 8 in the Premium Category and 51 in the Standard Category. In the Debt Securities Sector there are 51 issuers in the Bonds Category, including 4 in the Commercial Bonds Category. In the Alternative Investment Market there are 41 issuers in the Shares Sector and 15 issuers in the Debt Securities Sector's Bonds Category.

The new structure of KASE official list is based on the international practice of having a separate market allocated for securities of SMEs and imposing only the statutory information disclosure requirements on such companies. In addition, these companies are offered the lower listing fees for application processing and admission.

- During the first half of 2017 as part of the issuer acquisition, the Exchange held about 40 individual consulting and training sessions in four regions of Kazakhstan (Akmola, Atyrau, East Kazakhstan and South Kazakhstan regions) and Astana, following which a database of potential

issuers was created including 45 companies that indicated a high level of interest in fundraising using stock market instruments.

With the assistance of the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken" and professional consultants, an offsite event was organized in the Akmola region.

Based on the results of work in the regions, the following companies joined KASE: AmangeldyGaz LLP, Faeton Company LLP and KazAzot JSC.

- In the second quarter of 2017 a large-scale national project "Stock Market Simulator" was finalized by KASE aimed at improving the young professionals' financial literacy with an opportunity to get a hands-on experience in the stock market. This year the project was held under the framework of the global annual child and youth money awareness initiative Global Money Week (GMW).

In the first half of 2017 the Exchange held a number of training events aimed at clarifying the new KASE Listing Rules, as well as the main principles of interaction with investors and stakeholders. In addition, KASE trained employees of banks working with VIP-clients to increase the stock market awareness of retail clients of banks.

- On June 23, 2017 KASE took part in the round table "Introduction of ESG reporting in Kazakhstan and development prospects" organized by the International Finance Corporation (IFC), to discuss KASE's reporting methodology given Environmental, Social and Governance (ESG) Criteria.
- KASE and MOEX signed a Memorandum of Cooperation aimed at the assistance in provision of mutual access for professional participants of exchange markets; market data exchange and dissemination, IT-infrastructure development and implementation of the best global practices of exchange trading. The Memorandum signed will allow the exchanges to strengthen mutual positions within the framework of the Eurasian Economic Union.
- KASE and Rating Agency of Regional Financial Center of Almaty (RA RFCA) signed a Memorandum of Cooperation aiming to promote further development of the stock market of the Republic of Kazakhstan and protect the investor rights. KASE and RA RFCA will be engaged in the information exchange as part of their cooperation, and some information and analytical materials of RA RFCA, as well as the credit ratings remotely assigned by RA RFCA to the companies listed on KASE, will be published on KASE website.

Stock market highlights

In the first half of 2017, the trading value reached KZT88.7 trln; relative to the same period of the last year the growth was 80 % or KZT39.5 trln.

The growth was in the repo (+22.3 %) and FX swap market with three times the trading volume. The GS (+31 %) and shares (+12,7 %) also indicated a growth. The corporate bond market fell by 47.3 %, investment fund securities and FX spot went down by 29 % and 1.9 %, respectively.

Shares

As of July 1 there were 122 shares of 104 issuers on the Exchange's trading lists, including four shares of four companies on the non-listed basis.

In 2017, five companies with their shares were added to the Exchange's lists: KazAzot, Life Insurance Company Standard Life, Ferro-Alloy Resources Limited, ALATAU-KUS, 3A-BestGroup.

The YTD KASE share market capitalization increased by KZT295.3 bn or 2 % to KZT14.6 trln.

The total value of trading in stocks rose by 12.7 % to KZT90.6 bn relative to H1 of 2016.

The primary market reached KZT7.6 bn (H1 of 2016 indicated no placements), secondary market is KZT83.0 bn, which is 3.2% or KZT2.6 bn higher compared to the last year.

In the first half of 2017, the offering market was represented by two offerings. SPO of BAST (East Kazakhstan region) was held in March, and the seller placed the entire planned volume of shares for a total of KZT1,125.0 m at a price of KZT30,500 a share. The bid exceeded the offer by 3.1%.

In June, common shares of Bank of Astana were offered in IPO subscription. The shares were placed at a price of KZT1,150 a share. Initially, about 2 m shares were offered for placement, but in connection with the over-subscription the number of shares for placement was increased to 5.6 m shares. The bid exceeded the original offer 2.6 times. As of July 11, 2017, the price of one share of Bank of Astana in the secondary market was fixed at KZT1,177.98.

YTD KASE index gained 22 %, reaching 1,659.9 points, or the highest value since May 2011. The growth leader was Halyk Savings Bank of Kazakhstan with its shares, whose value increased by 46 % or KZT23.16 to KZT73.5 a share. The shares' positive dynamics is explained by the merger deal with Kazkommertsbank.

Running second were KAZ Minerals PLC shares which went up by 41 % or KZT619 to KZT2,130 a share. The shares surged with its performance report for the first quarter, according to which, the copper production increased by 16 % to 52 thousand tons (Q4 2016: 45 thousand tons) thanks to the new mines. An additional positive factor was a positive trend of copper quotations since early May.

The third-biggest player was KazMunaiGas Exploration Production with the cost of its shares having increased by 19.8% to KZT18,300 due to a YTD positive outlook in the mineral market and transition to the independent oil processing, which are expected to positively affect the domestic supply margin.

The H1 2017 trends are below describing the value of stocks from KASE Index representative list:

Issuer	Price as of June 30, 2017	YTD trend, %
Halyk Savings Bank of Kazakhstan	73.5	+46.0
KAZ Minerals PLC	2,130.0	+41.0
KazMunaiGas Exploration Production	18,300.0	+19.8
KEGOC	1,404.99	+17.9
Kcell	1,290.0	+17.1
Kazakhtelecom	16,200.0	+11.5
KazTransOil	1,214.0	-1.4
Bank CenterCredit	156.0	-7.4

In the context of the main investor categories, the individuals were the most active investors with 49 % of the total stocks turnover in their accounts. The broker-dealers amounted to 25.3 %, accounts of commercial banks made 2.8 %, other institutional investors 4.1 %, other legal entities reached 18.7 %.

Corporate bonds

The corporate debt listed on KASE fell by 10 % or KZT808.9 bn to KZT7.5 trln as some bonds were delisted upon maturity.

As of July 1, there were 262 bonds of 66 issuers on the KASE's trading lists. In H1 2017, the bonds of ten issuers (NC KazMunaiGas, Faeton Company, Amangeldy Gas, Home Credit and Finance Bank, Development Bank of Kazakhstan, Eximbank, KTZ Finance, Mangistau Distribution Power Grid, Freedom Finance and NC Food Contract Corporation) were added to the lists.

The H1 2017 value of trading in corporate bonds made KZT101.1 bn and decreased against the last similar period by 47.3 % or by KZT90.8 bn.

The offering volume in the first half of the year made KZT82.3 bn, which is 52 % lower compared to the same period of the last year. YTD, eight issues of corporate bonds have been placed:

Issuer	Ticker	Value, KZT bn	Yield, % p.a.	Bid, %	Tenor, years
Kazakhstan Utility Systems LLP	KSYSb1	0.9	15.0	34	4.3
Mortgage organization Kazakhstan Mortgage Company JSC	KZIKb23	5.9	10.75	235.4	3

Faeton Company LLP	FATNb1	1.0	13.5	100	7
Subsidiary Bank "Home Credit and Finance Bank" JSC	HCBNb3	10.0	15.0	122.4	3
Development Bank of Kazakhstan JSC	BRKZb8	30	10.5	127.2	7
	BRKZb9	20	10.5	135.4	5
Eximbank Kazakhstan JSC	EXBNb5	13	12.5	99.9	5
Mangistau Distribution Power Grid JSC	MREKb10	1.5	14.88	185.5	1
Total		82.3			

The secondary market trading value amounted to KZT18.8 bn, which is 2 % or KZT 0.4 bn lower than the result of the previous year.

In the corporate bond market the main categories of investors were represented by broker-dealers 17.6 %, commercial banks 21.7 %, other institutional investors 38.7 %, other legal entities 13.2 %, while the individuals did not exceed 8.7 %.

Government securities

The total GS trading value on KASE reached KZT437.4 bn (31 % or KZT10.4 bn higher than the result of the previous year).

The primary market trading grew by 87.2 % to KZT340.2 bn. It includes KZT304.6 bn raised by the Ministry of Finance of Kazakhstan. The remaining KZT35.6 bn was raised by the regional administration offices.

The secondary market dropped by 36.2 % to KZT97.2 bn as the National Bank's notes were traded less actively compared to the last year.

The main categories of investors in the GS secondary market were commercial banks with 47.8 % of gross turnover, broker-dealers with 2.7 %, other institutional investors with 29.5 % and other legal entities with 20 %. The individuals made 0.04 %.

Securities of international financial organizations

In the segment of international financial organizations' securities, the bonds of Eurasian Development Bank were offered and helped raise KZT15.0 bn for a period of three years with yield to maturity of 10.10 % per annum on May 24. As a result of the placement, the bid exceeded the offer 2.2 times. During the auction the quotes varied from 9.10 to 10.5% per annum.

FX Market

The spot market trading was KZT5.3 trln, which is 2 % or KZT103.8 bn lower than in the previous year.

Since the beginning of the year, the tenge strengthened against the dollar by 3.4% to the level of KZT321.58 per US dollar. The most actively traded instrument on the FX market of KASE is still the US dollar, whose trading value reached \$ 16.5 bn or 73 %. The value of trading in the Russian ruble for the tenge made RUB6.04 bn or 26.6%, the Chinese yuan for the tenge - CNY63 m or 0.3%, the euro for the tenge - EUR36.8 bn, which is 0.2% of the total FX trading value.

Money market (repo and FX swap)

The total money market trading reached KZT82.6 trln, having increased by 91.4 % or KZT39.4 trln in comparison with the same period of 2016. The FX swap segment demonstrated the largest growth – three times or KZT32.9 trln, reaching the level of KZT46.8 trln.

The repo growth was 22.3 % or KZT6.5 trln to the level of KZT35.8 trln. 87% of this volume was autorepo with GS, 12.6% was autorepo with CS, the rest was repo with CS. The structure of deals indicates a significant increase in repo transactions with CS from KZT75.4 bn to KZT 4.5 trln.

The indicators of the stock money market demonstrated a decline. YTD TONIA (repo overnight) fell by 2.5 pp to 9.64 %. The MM_Index decreased by 0.9 pp to 9.64 % per annum. The money market rates followed the base rate of the National Bank of the Republic of Kazakhstan, which currently stands at 10.5% ± 1% per annum.

Details

Kazakhstan Stock Exchange (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.

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