

KAZAKHSTAN STOCK EXCHANGE

PRESS-RELEASE

Almaty

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Kazakhstan Stock Exchange (KASE) announces main performance indicators of the first half-year of 2016.

- *The volume of trading on the shares market increased by 64.4 % YoY*
- *KASE Index increased by 14.7 % (29.4 % per annum) since the beginning of the year*
- *There is growing activity of individual investors on the shares market*
- *23 securities issued by 22 companies underwent listing on KASE*
- *Ordinary shares of Aktobe Metal Structures Plant will be offered to the broad public during an IPO on KASE in July 2016*

Main indicators of the stock market

The volume of trading on the stock exchange reached KZT49.2 trln in the first six months of 2016, which is by KZT1.5 trln (3.1 %) higher than in the comparable period of last year (KZT47.7 trln). The foreign currency market and corporate bond market showed less activity: KZT-17.0 trln, or 46.8 % down and KZT-260.0 bn, or 57.5 % down, respectively. The other markets were on the rise: the shares market grew by KZT31.5 bn, or 64.4 %, the repo transactions market – by KZT18.7 trln, or 176.1 %, the GS market – by KZT43.4 bn, or 14.9 %.

Shares market. The trading volume – KZT80.4 bn, rose by 64.4% (KZT31.5 bn) YoY; thus investors are becoming more and more eager for tenge-denominated assets. KASE Index shows positive dynamics, having grown by 14.7% (29.4% in annual terms) since the beginning of the year. The strengthening tenge along with the dividend payout period pushed the KASE Index up; at the same time the index was adjusted twice – from the beginning of March to the beginning of May and from the beginning to mid-June. The first adjustment took place on the background of unrealized and realized dividend expectations, whereas the second negative trend was caused by weak operating and financial results of some shares issuers.

A clear upward trend is to be seen in the number of accounts opened by individuals. As of July 01, 2016 103,314 personal accounts were opened by individuals in the accounting system of the Central Securities Depository, representing the all-time high (101,732 accounts as of January 01, 2016, 99,520 accounts as of January 01, 2015). The gross turnover of share trading over such accounts made KZT79.7 bn tenge in the first half-year.

As of July 01, 2016 111 shares of 93 issuers were listed on KASE. 11 shares underwent listing on the Exchange during the period under review: Scipio, AsiaCredit Bank, KM GOLD and Aktobe Metal Structures Plant, as well as shares of seven Russian companies by means of unsponsored listing. Freedom Finance initiated the admission. Trading in shares of the following issuers has already been opened on KASE: Bank VTB, Uralkali, Sberbank of Russia, Rostelekom, Magnit, Gazprom, Aeroflot – Russian airlines.

Corporate bond market. The trading volume decreased significantly in the period under review compared with the first half-year of 2015 – to KZT191.8 bn. The main reason for the sharp rise in prices of tenge-denominated funds is the new base rate of the National Bank. That factor brought about a 1.9-fold fall in the volume of initial offerings of corporate bonds, and a 6.8-fold decrease in trading on the secondary market. The combined decrease in the corporate bond trading made KZT260.0 bn, or 57.5 %.

10-year bonds TMJLb3 of National Company Kazakhstan Temir Zholy worth KZT50 bn (16.92 % p.a.), 10-year bonds BRKZb3 (KZT65 bn, 14% p.a.) and 3-year bonds BRKZb4 (KZT30 bn, 14 % p.a.) of Development Bank of Kazakhstan, accounted for 84% of offerings on the primary market.

263 bonds of 67 issuers were included in KASE trading lists by the end of the period under review. Bonds of 9 issuers – Freedom Finance, National Company Kazakhstan Temir Zholy, ForteBank, Development Bank of Kazakhstan, KEGOC, Magnum Cash&Carry, Bank RBK, Buzgul Aurum and ARLAN WAGONS – underwent the listing procedure.

GS market. The trading volume rose KZT43.4 bn, or 14.9 % YoY, making KZT334 bn. The growth was caused mainly by actions of the National Bank building a new risk-free yield curve through the over-the-counter offering of its 7–180-day notes. That brought about a burst of activity on KASE's secondary GS market (KZT+151.3 bn). The primary GS market on KASE, where the Ministry of Finance and akimdiks (administrations) offer their securities, showed a volume decrease of KZT107.9 bn (-37.7 %). There were two offerings over the six months of the current year: that of long-term savings treasury liabilities of Kazakhstan's Ministry of Finance and that of medium-term municipal bonds of Astana akimdigy (local executive body) to the total amount of KZT181.7 bn.

Foreign currency market. The total trading volume in the first half of 2016 made KZT19.3 trln, decreasing by 46.8 % YoY. The volume of trading on the spot market increased by KZT261.5 bn (5.1 %), that on the swap market went down by KZT17.3 trln, or 55.4 %. The substantial fall of trading activities in that sector of the money market was a consequence of the shrinking dollar swaps market after the tenge strengthened against the dollar. At the same time the Chinese yuan is trading more and more actively, with the volumes having risen 1.8 times to KZT1.9 mln, and the volume of the RUR-trading, on the contrary, decreased by 36.6 % to KZT33.5 bn on the background of the reducing trade turnover with Russia.

Repo transactions market. The trading volume reached KZT29.3 trln, having increased 2.8 times YoY. With the tenge strengthening against the dollar, repo transactions have become an alternative for the dollar swap.

The MM_Index – main indicator for the value of short money on KASE – dropped from 79.5 to 12.2 % in half a year. The main fall of the index took place in the first two months of the year, when the National Bank of Republic of Kazakhstan was actively seeking to reduce costs of providing the tenge liquidity, and over the second quarter the MM_Index was virtually echoing the behavior of the bottom-line of the National Bank's base rate – 14 % per annum, going down by 50–200 basis points in the short run influenced by the more and more cheapening dollar swap.

Key projects and measures

In June 2016 ordinary shares of Aktobe Metal Structures Plant were included in the second category of sector "Shares", with the issuer intending to offer its shares to the broad public during an IPO on KASE. The order book will be opened from July 5 to 18, the settlement date – July 21, 2016. The number of shares on offer – 61,352 pieces. The offering price of said shares – KZT11,177 per share. The proposed raising volume – KZT685.7 mln.

KASE continued to conduct measures aimed at improving the awareness of entrepreneurs and broad public of the stock market and opportunities it offers. In May 2016 there was an Invest Show, where 44 companies from various industries presented their business projects to prospective investors in order to raise capital.

In association with the National Chamber of Entrepreneurs "Atameken" four regional events were organized and conducted for entrepreneurs from West Kazakhstan, East Kazakhstan, Atyrau regions and Almaty, since the beginning of 2016. Those events informed entrepreneurs and business executives of fund raising possibilities offered by the stock market. 12 similar events will be held soon in Taraz, Petropavlovsk, Karagandy, Kostanai, Aktobe, Pavlodar, Aktau, Kokshetau, Astana, Kyzyl-Orda, Shymkent and Taldykorgan.

For reference

Kazakhstan Stock Exchange (KASE) is a leading stock exchange in the Central Asian region and the only exchange in Kazakhstan operating in the financial market. It is a multi-asset trading venue organizing trades of government and corporate securities, repo market instruments, foreign currencies, bonds of international financial institutions, as well as derivatives.

The total market value of companies whose shares are traded on KASE is valued today at KZT12.75 trln (\$37.67 bn). The value of corporate debt circulating on the Exchange makes up KZT8.67 trln (\$25.62 bn), that of government debt – KZT6.4 trln (\$18.8 bn).

KASE is a member of the World Federation of Exchanges (WFE), Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015 KASE joined the UN's initiative "Stock Exchanges for Sustained Development". KASE occupies the 2nd place among the CIS exchanges in terms of securities trading volume, as well as is in the top 5 with regard to the shares market capitalization among FEAS exchanges.

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