

KAZAKHSTAN STOCK EXCHANGE

PRESS-RELEASE

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Kazakhstan Stock Exchange (KASE) informs you about performance highlights from 2015 and 1Q 2016.

- *In 2015 the volume of stock market trading on KASE rose 97 % reaching a record high*
- *Share trading rose fourfold*
- *Corporate bond trading in 2015 was worth KZT1,228.6 bn, exceeding the 2014 figure 2.7 times*

Stock market highlights

In 2015 the volume of stock market trading on KASE reached a record high – KZT92 trln rising 97 % YoY. A significant increase was shown by the shares sector (5.2 times), corporate bonds sector (2.7 times), repo transactions sector (2.1 times) and foreign currency sector (2 times), with the biggest chunk coming from the foreign currency market and repo transactions market – 72 % and 25 %, respectively.

In the first quarter of 2016 the stock market trading made up KZT24.4 trln. A decrease was seen in the foreign currency market caused by the reduced volatility in that market sector. On the contrary, the share market and repo transactions market intensified showing an increase in the trading volume YoY 4 times and almost 2 times, respectively.

The currency spot market last year showed a downward dynamic with the trading volume decreasing by 22.4 % to KZT12.4 trln and the US dollar in the lead as usual. Trading in the Chinese yuan opened in September 2014 rose 2.9 times on the back of market-makers attracted to that sector. The ruble traded 56.5 % more than last year (RUR18.2 bn).

The share market rose 4 times compared with 2014. Special trading sessions worth a total of KZT36.6 bn involved the IPO of BAST, shares offering by Maikuben West Holding and buyback of own shares by Halyk Savings Bank of Kazakhstan.

KEGOC's ordinary shares with over 17 th. deals were the most liquid ones in 2015. Those shares were offered during the People's IPO at the end of 2014 generating a momentum to the market.

During the period under review the number of individual accounts opened at the Central Securities Depository, increased by 2.2 % to 101,732. 1,730 accounts were involved in shares transactions, against 764 accounts in 2014. Individuals accounted for 52.5–65.2 % of shares traded on KASE in various months of the year under review.

The strengthening national currency brought about increasing demand for tenge-denominated instruments in 2015. Market participants preferred shares. In February-March KASE Index rose 100 % p.a. on average, with the highest grow rates coming from shares of KAZ Minerals PLC (+72.4 %), KEGOC (+12.9 %) and KazTransOil (+12.2 %).

Volume of trading on the corporate bond market in 2015 reached KZT1,228.6 bn. Initial offerings of bonds by banks and quasi-public corporations were the main vehicles. The secondary market rose, too, with turnovers of KZT15.4 in the first quarter of 2016.

As of December 31, 2015 securities of 568 titles from 140 issuers were listed on KASE.

The shares sector saw 12 listings, with 10 of them coming from new companies. All those securities were included in KASE official list as shares of the second category. 53 issues of debt securities were listed in KASE's corporate bond sector, with 13 bond issues coming from quasi-public corporations and the rest being included as other debt securities.

2015 financial highlights

KASE assets as of December 31, 2015 rose 47.9 % YoY to KZT8.3 bn. KASE's equity grew 19.3 % (KZT1 bn) to KZT6.3 bn on the back of the net income.

Total revenues reached KZT2,546.9 mln. The operating income accounted for 64.8 % of KASE's total income, up 184.8 mln (12.6 %) on last year. The largest portions in KASE income structure fall on revenues from listing fees (+9.9 %), commission fees (+21.2 %) and membership fees (+11.6 %). Major part of the non-operating income comes from KASE's investment activities.

KASE 2015 net income totaled KZT1,018.6 mln.

Key projects

The new trading system NEXT was commissioned for the needs of KASE currency market in 2015. It allows carrying out all main trading transactions, as well as on-line calculation of values of currency market participants' day positions. This system exceeds the previous one in terms of capacity and user friendliness.

The procedure of execution of transactions on the stock market T+2 was put into effect in June 2015, thus moving KASE operations closer to international best practices. That settlement mode is going to move Kazakhstan's market up in international ratings and assist in attracting more foreign investors to KASE market.

The HiTech sector was opened at the Exchange in 2015 as part of activities on development of the stock market; it serves issuers with projects related to development and/or operation of innovative technologies in top priority industries. This year the Exchange intends to attract issuers in that sector.

Studying the possibility of implementing special listing requirements for securities of companies-users of subsurface resources based on experience of the world's leading stock exchanges (project "Mining and Oil & Gas") was underway in 2015.

The LPAI program aimed at advising companies on equity financing is supposed to continue in 2016. Also, the Exchange is working on the project of bonds guarantying and subsidizing, which will allow adding the stock market instruments to the government's general standard scheme of guarantying and subsidizing bank loans.

To attract more international institutional and retail investors, there is going to be more efforts to improve the status of Kazakhstan's capital market in rankings MSCI and S&P to level Emerging market, as well as to join the FTSE classification with assignment of the Frontier market status and to increase the status to Emerging market.

The Exchange's next plans include the promotion of direct access to currency market initiative for banks from the Eurasian Economic Union. That project envisages provision of the possibility of access to the currency market to banks from the Eurasian region with a license from their national regulator, without the need to obtain a relevant license in Kazakhstan.

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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 KZT12.5 trln (\$37.6 bn). The value of corporate debt circulating on the Exchange makes up KZT8.6 trln (\$25.8 bn), that of government debt – KZT6.4 trln (\$19.2 bn).

KASE is the 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".

The full version of the annual report of Kazakhstan Stock Exchange for 2015 is available at http://www.kase.kz/files/for_shareholders/kase_2015.pdf

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