

KAZAKHSTAN STOCK EXCHANGE

PRESS RELEASE

Almaty

May 25, 2017

KASE held Annual General Meeting of Shareholders

An annual general meeting of shareholders of Kazakhstan Stock Exchange JSC (KASE, Exchange) was held at the Rakhat Palace hotel on May 25, 2017. The KASE's performance in 2016 was presented at the event.

The volume of trading in all financial instruments in 2016 reached KZT94.6 trln, which is 2.8% higher than the volume of 2015. In the context of the progressing de-dollarization, the repo market trading volume significantly came up alongside an FX swap volume reduction. The market participants' growing interest in tenge instruments triggered an increase in the equity market capitalization by 15.3% to KZT14.3 trln. The number of shares on the Exchange's lists reached a historical peak of 120. KASE index's growth rate is number three in the world, and the equity trading volume in the market segment increased by 67%. The most active participants in the KASE equity market were individuals with 48% of the total transactions in 2016, and the number of their accounts with the Central Depository's system reached 105,319. The new issuer was Aktobe Metalware Plant who raised KZT800 m through the IPO. The order book for this offering was oversubscribed almost three-fold. The unit investment fund market picked up on KASE as its trading volume grew four-fold.

"Thanks to the active work of the National Bank to strengthen the role of the base rate for the transition to the inflation targeting, the reporting year was marked by the dedollarization. The year's base rate of the National Bank fell by four percentage points, while the short-term money market indicator – MM_Index – fell by 68 percentage points. A certain success was achieved in developing a new risk-free yield curve. All this sparked the investors' interest in KZT assets," Chairwoman of the Management Board of KASE A. Aldambergen said, "However, it should be noted that the equity market still makes just 31% of the country's GDP, but has been steadily growing over the past three years."

Last year, a new KASE Development Strategy for 2016-2018 was adopted and further promising tasks were outlined, including the technical modernization, marketing activity, transparent information policy and focus on the market participants' interests to increase the stock market liquidity and its attractiveness as a fundraising source of the Kazakhstan's economy.

In 2016, the Exchange launched a new stock market segment – commercial (short-term) bonds sector, using which PAVLODARENERGO, SevKazEnergo and Eastcomtrans raised a total of KZT1.8 bn for a period of up to one year.

A number of projects to attract the issuers were implemented by the Exchange as part of a memorandum signed between KASE and National Chamber of Entrepreneurs Atameken. Throughout 2016, KASE continued to raise the awareness of entrepreneurs and general public about the stock market and its opportunities. In total, 12 awareness-raising meetings were held in the regions of Kazakhstan, Astana and Almaty.

For the first time in over 20 years of the Exchange history, its rebranding took place. The new brand symbolizes the traditions, sustainable growth, dynamism, openness to innovation and strive for better technological effectiveness.

Another innovation of the integrated information work of the Exchange in 2016 was the start of KASE website modernization, including our cooperation with a popular global service (library) of stock charts Trading View.

In 2016, KASE persistently worked on a "Frontier Market" status of Kazakhstan within the FTSE country classification. In March 2017, the FTSE advisory committee affirmed that Kazakhstan does

meet the requirements for this status to be officially announced as part of the company's regular report in September 2017. Thus, the "Frontier Market" status has already been assigned to Kazakhstan by MSCI and S&P.

According to the audited consolidated financial statements, as of December 31, 2016, the assets of KASE group amounted to KZT7.8 bn and decreased compared to the last year's figure by 6.3 % (KZT522.3 m). The shareholders' equity for the reporting year increased by 14.8 % (KZT0.9 bn) to KZT7.2 bn thanks to the net income received booked as the retained earnings. The shareholders' equity as part of liabilities increased from 75.7 % to 92.8 %.

The total revenues of the Exchange group for the reporting year amounted to KZT2,154.8 m, which is lower than the result of the previous year by KZT392.2 m or 15.4 %. At the same time, the operating income did not exceed KZT1,507 m, having decreased by KZT144.7 m or 8.8 %. The largest operating income items include the listing fees (37.8 %), membership fees (25.2 %) and commission fees (22 %). The operating income fall was offset by the interest income growth of KZT228.2 m or 54.1 %.

The expenses of KASE group in 2016 decreased by 1% to KZT1,286.8 m.

"The result of the exchange group's financial performance in 2016 was our net profit of KZT721.8 m, which is lower than the last year's result by 26.3%. The operating income decreased mainly due to a slowdown in the service and commission fees. We depend on the market conditions here. However, we managed to offset this decline by the investment income of almost KZT650 m to be used for the market development and KASE strategy implementation," Chairwoman of the Management Board of KASE A. Aldambergen said.

The general meeting of KASE shareholders decided not to allocate the Exchange's net income for 2016 but to use it for the company's development.

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.

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