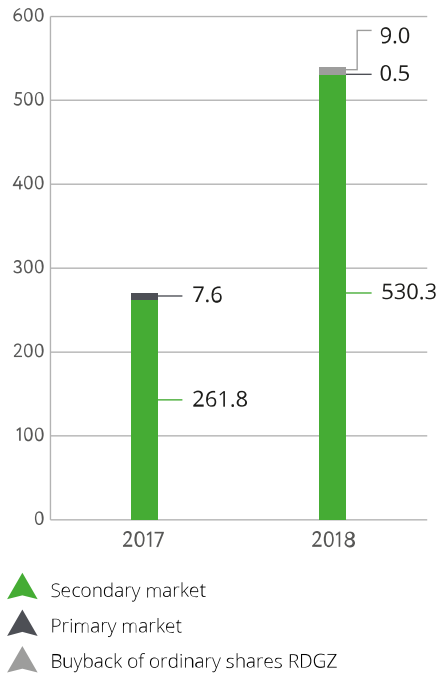


Securities Market

Shares

Trading volume on equity market, KZT in bn



In 2018, share trading volume has reached KZT 539.8 bn and has doubled compared to 2017.

The average daily trading volume amounted to KZT 2,194.5 mln, average number of transactions was 573, average volume of one transaction was KZT 3.8 mln.

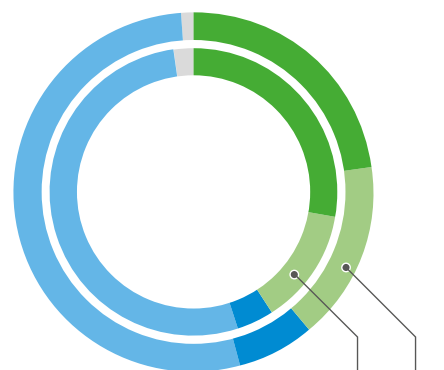
Trading volume on the primary market dropped by 93.1%. There was one offering of 10.5 thous. pieces of BAST's ordinary shares worth KZT 526.4 mln in the reporting period.

The volume of trading on the secondary equity market has doubled compared to 2017 from KZT 261.8 bn in 2017 to KZT 539.3 bn. This was largely due to a significant number of major transactions of irregular nature in the secondary market caused by the change of shareholders of several companies and KazMunayGas Exploration Production's shares buyback.

The buyback of ordinary shares of KazMunayGas Exploration Production was conducted on KASE in two stages. A total of 336,584 shares were bought back at the price of US\$84 for US\$28.3 mln (equivalent to KZT 9.0 bn) during buyback. The company also bought back 62.0 million of its GDRs at US \$14 for the amount of US \$868.0 mln (KZT 277.3 bn).

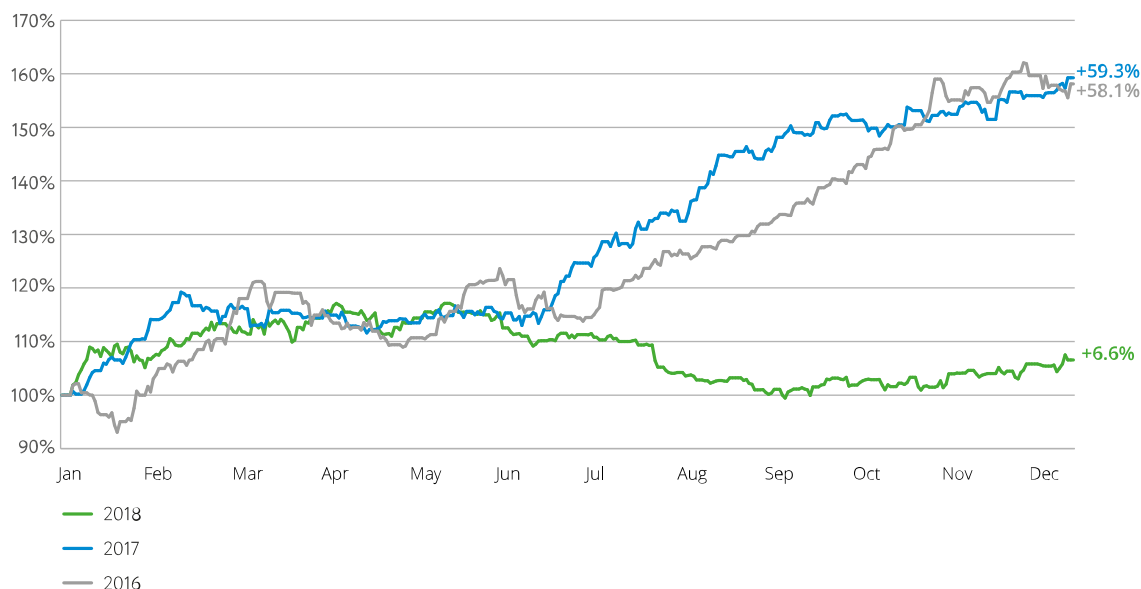
There were no significant changes in the structure of investors in the secondary equity market: individuals are dominating, their share comes to 53.3%. The number of opened accounts of individuals has increased with consistent great interest from retail investors. As at January 1, 2019, there were 116,824 accounts opened for individuals in the Central Depository, which is by 7,6 thous. accounts more than at the beginning of 2018. The increment was 3.9 thous. accounts in 2017. The share of the second-tier banks (STBs) was 1.1%, broker-dealers accounted for 22.6%, other institutional investors accounted for 7.3%, the share of other legal entities was 15.7%. The share of non-residents is estimated at 10.4%.

Shares of main types of investors at equity market, %



	2017	2018
Broker-dealers	28	23
Other legal entities	13	16
Other institutional investors	4	7
Individuals	53	53
STBs	2	1

KASE Index movement in 2016-2018, %



KASE Index rose by 6.6% to 2,304.94 points in 2018. During the reporting period, ordinary shares of KazMunayGas Exploration Production and Bank of Astana were excluded from the basket of the KASE Index universe, and ordinary shares of Bank CenterCredit were included in the calculation.

Ordinary shares of Kazakhtelecom that increased by 63.4% or KZT 12,994 to KZT 33,499 per share rose most of all among shares in the KASE Index universe. A significant increase in prices of the company's shares was observed during the first half of 2018 amid news about rising revenues of the joint venture Tele2-Altel, planned payout of dividends and expectations for purchase of 75% stake in Kcell, which was completed by December 21. According to the deal, Kazakhtelecom has acquired 24% shares of Kcell from Telia Company and 51% shares from Fintur Holdings BV.

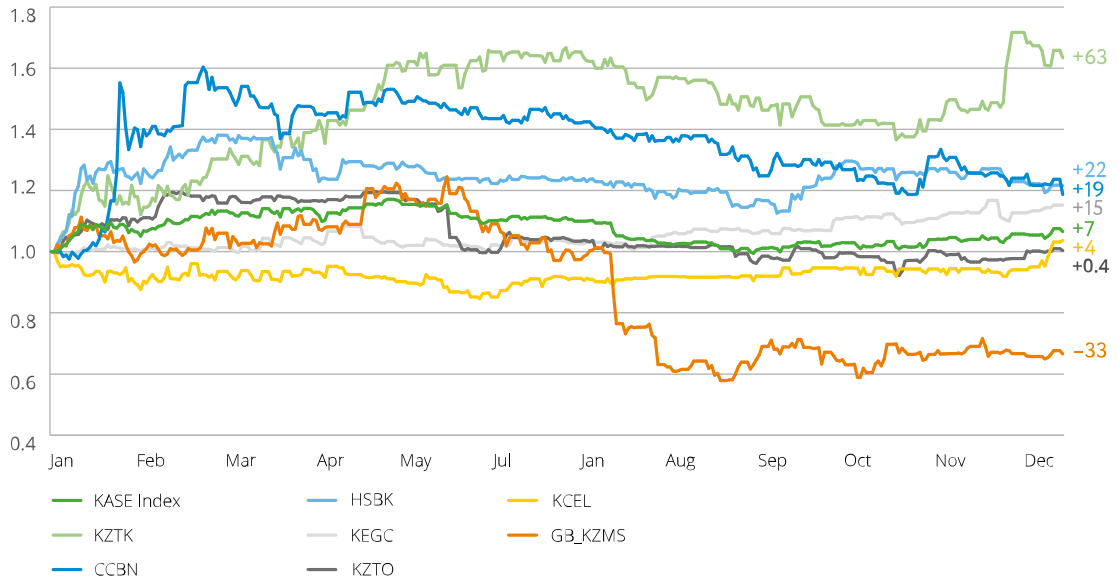
The shares of the Halyk Savings Bank of Kazakhstan rank the second by increment of value. The price of shares rose by 21.6% or KZT 17.82 to KZT 100.41 per share according to the year-end results. The price of shares has been increasing amid the bank's record profits and optimistic expectations of the growth of business after the merger of the two largest banks: Halyk Savings Bank of Kazakhstan and Kazkommertsbank. The bank paid a dividend of

KZT 6.31 per share for 2017 for the first time since 2015 on June 1, 2018.

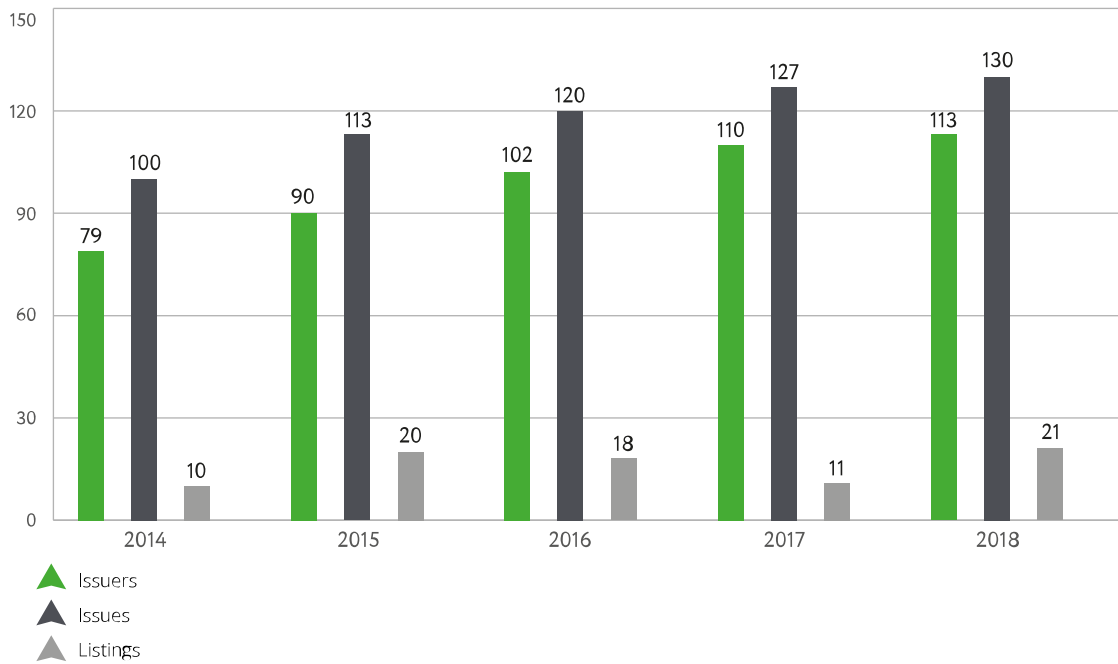
Stocks of Bank CenterCredit, which grew 18.7% or KZT 36.97 to KZT 234.21 per share ranked the third. The rally on shares began on January 24, 2018. The growth in quotations was accompanied by increased volume of transactions, was not supported by fundamental factors but was preceded by news about the change of shareholders of the bank.

According to the year-end results, only stocks of KAZ Minerals PLC, which dropped by 33.4% or KZT 1,270 to KZT 2,530 per share, have showed a decline. This was mainly due to fact that investors have negatively assessed the acquisition of the Baimskaya copper-gold deposit in Chukotka and due to the slump in copper prices in summer 2018 by almost 20%.

KASE Index components



Change in the number of listed shares over the past 5 years

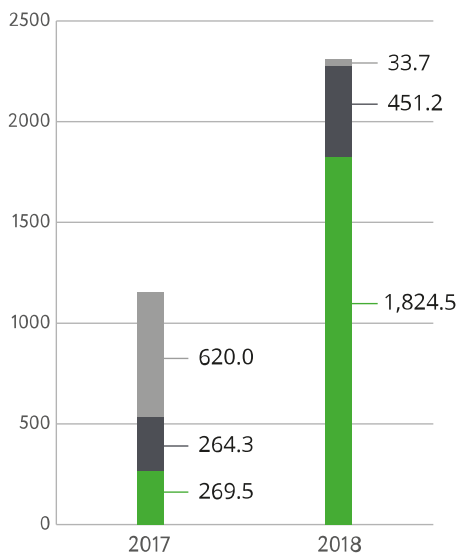


Equity market capitalization declined by 10% and amounted to KZT 15.5 trillion over the year, which is the lowest since July 2017. Such significant decline in capitalization is related to the delisting of ordinary shares of Kazkommertsbank and KazMunaiGas Exploration and Production.

Both the number of share names in KASE lists and the number of their issuers grew in 2018 to historical highs: 130 and 113, respectively, including three shares of three companies in the unlisted market. Over the past period, 21 titles of shares of 18 companies have been included in the KASE Official List including 14 issues of 13 new issuers, whose securities have never been included in the Exchange's lists and shares of two companies in the unlisted market. The number of shares rose by 10 share titles, the number of issuers rose by 7 compared to the last year.

Corporate bonds

Trading volume on the corporate bond market, KZT bn



- ▲ Primary market
- ▲ Secondary market
- ▲ Banking sector support programme

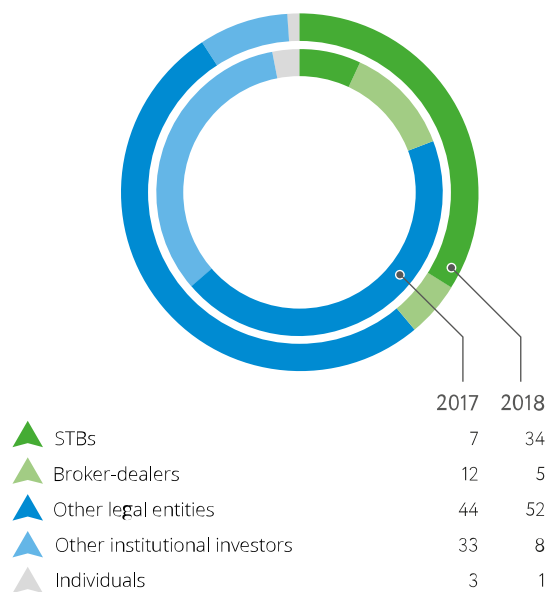
Total trading volume in the corporate bond market reached KZT 2,309.4 bn, which is historically the highest, having doubled compared to 2017. The volume of transactions grew both in the primary and the secondary markets.

The average daily volume amounted to KZT 9,387.9 mln (KZT 1,834.2 on the secondary market); average number of transactions was 9, average volume of one transaction was KZT 1,048.3 mln (KZT 218.4 mln on the secondary market).

A total of 24 issuers raised KZT 1,858.2 bn, and market rates ranged from 8.5 to 13.5% in the reporting year. The largest share - 30.7% and 24.2% of the total volume of placements - belongs to the bonds of KazAgro National Management Holding worth KZT 570 bn and the Fund of Problem Loans worth KZT 450 bn, respectively. The inclusion of these bonds in the calculation of capitalization resulted in the 21-per-cent increase of this indicator to KZT 10.8 trillion.

Trading volume on the secondary corporate bond market rose by 56% to KZT 451.2 bn. Main categories of investors were as follows: legal entities accounted for 51.6% of the largest share of the total gross turnover; the second-tier banks that mostly purchase bonds to hold them to maturity accounted for 34.1%. There were major transactions on the secondary market as in 2017, but the concentration of volume by instruments in the reporting year was lower.

Shares of main investor types at the secondary corporate bond market, %



Taking into account the dynamics of KASE_BMC indicator, which is calculated at net prices, the establishment of the corporate bond market can be divided into two stages. KASE_BMC indicator steadily grew from the beginning of the reporting year until September. The positive dynamics was supported by the relative stability of the tenge exchange rate and gradual decline in the inflation, which allowed the National Bank to also gradually reduce the base rate from 10.25% at the beginning of the year to 9.0% in June.

Deterioration in the external economic conditions, which began in April, has increased volatility of the tenge and inflation risks. In this regard, the financial regulator of Kazakhstan decided to increase the base rate by 25 bps to 9.25% APR on October 15. The base rate remained at this level until the end of the reporting year. The weakening of the tenge and the increase in the base rate was expressed by a sharp drop in KASE_BMC indicator in September. Despite one-per-cent reduction of the base rate over the reporting year, KASE_BMY corporate bond yield index rose by 79 bps to 11.14% APR. The rise in corporate bond yield index was driven by a sharp rise in the exchange rate of the USD/KZT currency pair to its historic high, which led to a sell-off of tenge assets and to a plunge in prices of corporate securities.

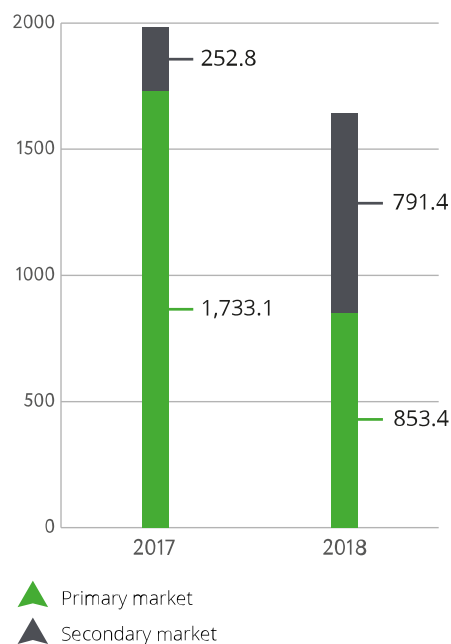
Trading volume of government securities amounted to KZT 1,644.8 bn and dropped by 17.2% compared to 2017.

The launch of trades in Eurobonds with T+2 settlements in US dollars on September 17 became an important event of the year 2018 in the corporate bond sector. Multilateral netting is done and single collateral pool, which includes Eurobonds of 21 names, is used for transactions in Eurobonds.

A total of 247 bond names of 62 issuers were included in KASE trade lists as at the end of the reporting year. In 2018, 41 issues of bonds of 26 issuers including seven issues of six new issuers underwent listing procedure.

Government Securities (GS)

Trading volume on the government securities market, KZT bn



The average daily volume amounted to KZT 6,686.3 mln (KZT 3,217.0 on the secondary market); average number of transactions was 6, average volume of one transaction was KZT 1,166.5 mln (KZT 634.1 mln on the secondary market).

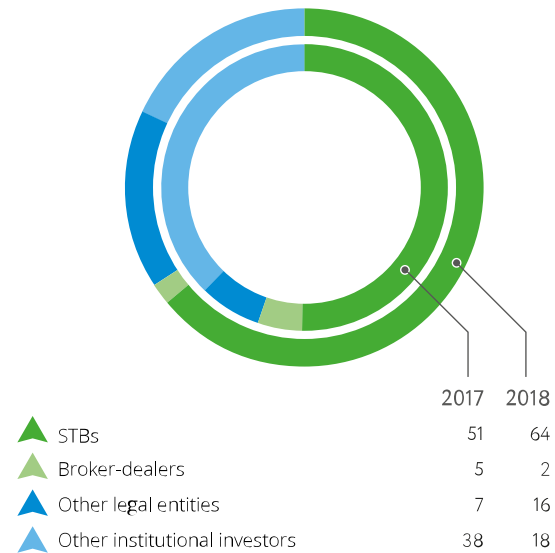
Trading volume of government securities on the primary market fell by 50.8% compared to 2017, activity at the secondary market has increased threefold. In 2018, volume of placements amounted to KZT 853.4 bn, including KZT 98.1 bn raised by the administrations of 14 regions, cities of Almaty and Astana at 0.35% APR as part of the government's housing financing programme. The administration of the city of Shymkent raised KZT 10 bn at 9% APR. The Ministry of Finance raised KZT 745.4 bn at 8.4-8.7% APR.

Main categories of investors on the primary market were as follows: the share of STDs accounted for 1.0%, broker-dealers accounted for 1.0%, other institutional investors – 85.9%, other legal entities – 13.0%.

The volume of trading in the secondary market rose from KZT 252.8 bn in 2017 to KZT 791.4 bn. The share of trading in notes of the National Bank on the secondary market amounted to 85.5% of the total turnover of trades compared to 79.9% in 2017. This was primarily due to the increase of these short-term debt instruments in the circulation. Thus, the average amount of outstanding notes was KZT 2.9 trillion in 2017. In 2018, it increased by 31% and reached KZT 3.8 trillion.

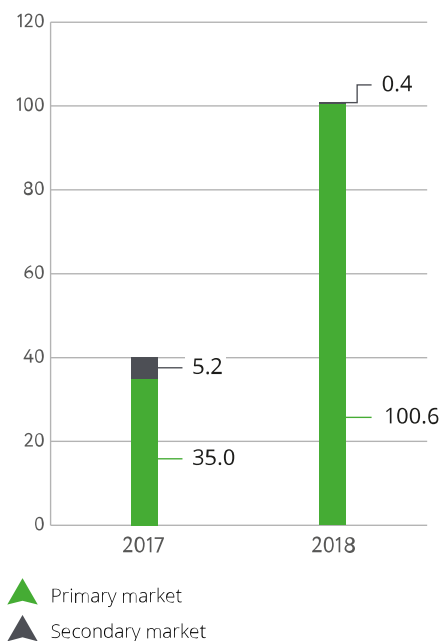
Main categories of investors on the secondary market were as follows: the share of STDs accounted for 63.9%, broker-dealers – 2.0%, other institutional investors – 17.9%, other legal entities – 15.9%, individuals – 0.3%. The share of non-residents amounted to 1.5%.

Shares of main types of investors in the secondary government securities market, %

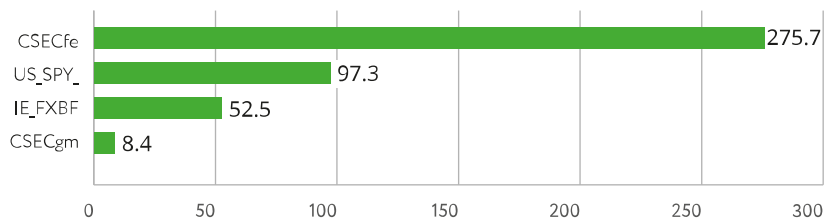


Securities of International Financial Institutions

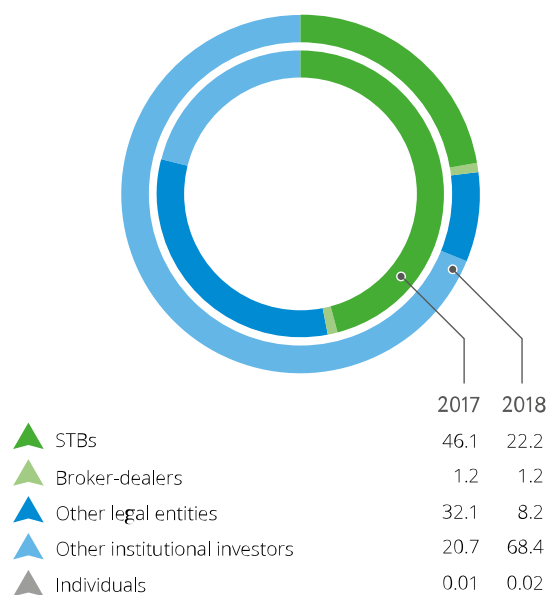
Trading volume on the IFI bond market, KZT bn



Volume of transactions in the market of investment funds' securities broken down by instruments, KZT mln



Shares of main types of investors of the total gross turnover of trading in IFI bonds, %



The market of international financial institutions' securities received new impetus for development in the reporting year. Five issues of the Eurasian Development Bank and two issues of the International Finance Corporation were included in the Exchange's Official List.

There were 14 bond issues of three international financial institutions in trading lists as at the end of the reporting period: The Eurasian Development Bank, the European Bank for Reconstruction and Development and the International Finance Corporation.

The total trading volume amounted to KZT 101.0 bn.

Trading volume on the primary market reached KZT 100.6 bn. During the year, the Eurasian Development Bank raised KZT 90 bn placing three issues of three-year bonds at 9.1% for the amount of KZT 50 bn, one issue of five-year bonds at 9.5% for the amount of KZT 20 bn, and one issue of four-year bonds at 9.7% APR for the amount of KZT 20 bn. International Finance Corporation raised KZT 10.6 bn on KASE placing global amortized notes of unsecured debt at 8.3% APR with term to maturity of 4 and 7.5 years.

The volume of secondary market was KZT 421.1 mln.

Main types of investors on this sector were as follows: the share of STDs accounted for 22.2%, broker-dealers – 1.2%, other institutional investors – 68.4%, other legal entities – 8.2%. The share of individuals in this market segment amounted to less than 0.1%.

Securities of Investment Funds

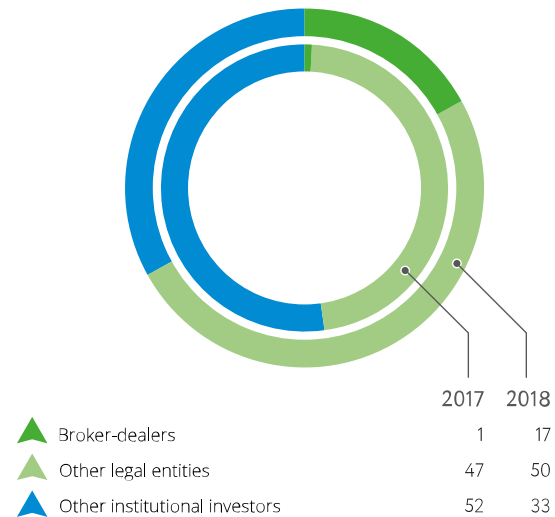
The introduction of a new instrument - KASE Index ETF - is an important event for the market in 2018. Trading in shares (IE_FXBF) of segregated sub-fund FinEx FFIN Kazakhstan Equity ETF opened on KASE with settlement scheme T+2 as of December 14. This instrument allows to ensure diversification of an investor's portfolio without unnecessary expenses as it contains all most liquid shares rolled into one. Earlier, starting October 16, trading in this instrument opened on the Moscow Exchange market.

As at the end of the reporting period, there were seven instruments managed by six companies in the sector "Securities of investment funds". Trading volume amounted to KZT 434 mln over the past period, which is lower than the result of 2017 by 58.7%.

The leaders in terms of volume were units CSECfe (KZT 275.7 mln; 71 transactions) managed by Centras Securities, units managed by State Street Global Advisors ranked the second; shares of the sub-fund FinEx FFIN KazakhstanEquity ETF ranked the third.

In 2018, the share of individuals in the gross turnover of trades insignificantly declined to 33.0% from 51.8% in 2017. The share of broker-dealer firms and other legal entities increased to 16.9% and 50.1% from 1.1% from 47.0%, respectively.

Shares of main types of investors in the total gross turnover of trading in securities of investment funds, %



Money Market

Total trading volume of money market reached KZT 109.5 trillion having declined by 19.3% or by KZT 26.2 trillion compared to the same indicator of the last year. This indicator has declined due to falling currency swap trading volume.

Repo transactions

Trading volume in the repo market, KZT trillion

