

KAZAKHSTAN STOCK MARKET

December 15 - 22, 2010

SUPPLEMENTAL INFORMATION

US dollar = 147.20 at official rate for the end of the period.

US dollar = 147.13 at weighted average rate of the Exchange for the end of the period

Speed of KZT to USD for the period at exchange's rate made 7.8 p.a.

Money market indicators as of December 22 and change for the period

Indicator	Rate	Trend
TONIA	0.33	+0.03
Autorepo GCB 2 d.	0.33	+0.03
Autorepo GCB 7 d.	2.00	+1.5
Autorepo GCB 28 d.	0.00	-1.7
KazPrime-3M	1.98	0

Stock securities' market indicators as of December 22 and change for the period

Index	Value	Trend
KASE	1,682.18	+0.3
KASE_BP	390.35	+1.1
KASE_BC	355.21	+3.2
KASE_BY	13.91	-0.2

MAIN NEWS OF THE MARKET

December 15 Majilis of Parliament of Kazakhstan at the plenary session:

- **approved the draft Law "On ratification of the Convention between the Government of the Republic of Kazakhstan and the Government of the Kingdom of Spain for the avoidance of double taxation** and prevent fiscal evasion with respect to taxes on income and on capital and its Protocol." The Convention was signed July 2, 2009 in Astana. The purpose of the Convention is to strengthen and expand economic cooperation between Kazakhstan and Spain by creating an enabling environment for investment. The Convention shall apply to taxes on income and on capital imposed on behalf of a contracting state or its central authorities, political subdivisions, local authorities, irrespective of the method of their collection.
- **agreed with the changes and additions introduced in the Senate bill "On amendments to some legislative acts of the Republic of Kazakhstan on issues of communication."** The main purpose of the bill is the legal provision of digital broadcasting and the creation of an enabling environment for domestic broadcasting. The bill is aimed at developing a digital satellite broadcasting and the support of Kazakh broadcasting and television stations during the transition to digital broadcasting, as well as reducing the dependence of broadcasting market of Kazakhstan from foreign television and radio programs.
- **approved the draft Law "On introducing amendments and addenda to some legislative acts of the Republic of Kazakhstan on improvement of the permit system."** The main purpose of the bill is to reduce the administrative burden on business by improving the legislation on licensing system.

December 20, it became known that according to the Kazakhstan Agency for Regulation and Supervision of Financial Market and Financial Organizations (AFS), the amount of net pension assets (PA) in the country (the sum of pension assets minus liabilities accrued commissions, payable on pension payments) **on December 1, 2010** amounted to **KZT2,206.6 billion (equivalent to 14,951.8 million U.S. dollars** in effect on that date the official rate of dollar against the tenge). In November 2010, net assets of pension funds (NPF) have increased relative to the previous month by 1.7% (1.7% in dollar terms).

December 20, it became known that the Agency for Regulation of Republic of Kazakhstan and Supervision of Financial Market and Financial Institutions:

- **terminate the license of JSC ASYL CAPITAL for activity in the securities market, in relation to voluntary return, reported the agency.**
- **deprived of JSC Altai Asset Management license to engage in the activities of portfolio management for regular (three or more times during the twelve calendar months) violation of the law of the Republic of Kazakhstan regulating activities in the securities market.**

- **suspended the license of JSC Registrar Zerde** on the activity to register of holders of securities for a period of three months.

December 21 it was announced that Fitch Ratings revised its outlook on long-term Issuer Default Ratings (IDRs) of Kazakhstan in foreign and local currency ratings from "stable" to "positive" and affirmed the ratings at "BBB-" and "BBB", respectively. As indicated, the agency also affirmed the short-term IDR of the country in a foreign currency at the level of "F3" and the country ceiling rating "BBB". "Potential factors that could cause rating actions in the future include an increase in confidence that investments in natural resources sector and other development projects provide robust growth prospects and good positions in the balance of payments, which may lead to improved ratings. More robust evidence rehabilitation of the banking system with the reduction of problem loans and the lack of need for further costly government support can also lead to improved ratings. The pressure on the ratings upwards is possible in case of strengthening of the sovereign balance sheet, "- stated in the message. As indicated, on the contrary, the emergence of the banking system are more important issues than is currently expected to Fitch, a serious and prolonged decline in oil prices or the weakening of fiscal discipline may lead to negative rating actions.

December 21, Deputy Chairman of JSC Insurance Company "Eurasia" Nazim Tulchin said that in 2011 in the Kazakh market will have a new tool - the insurance of bank loans. He explained that during the crisis, banks are reluctant to lend to their clients, suggesting the presence of large risks, as it is now the borrowers can not provide the necessary tax capacity required by the bank for a loan. Therefore, there will be no traditional for our insurance market instruments such as insurance, bank loans.

December 22 Fitch Ratings affirmed the long-term issuer default ratings (IDR) in foreign currency four Kazakh companies - JSC National Company KazMunaiGas (KMG), JSC NC "Kazakhstan Temir Zholy (KTZ), Kazakhstan Company Electricity Grid "(KEGOC) and Mangistau Electricity Distribution Company (MEDNC). As indicated in the report, the rating actions carried out in accordance with Fitch confirms long-term IDR of Kazakhstan in foreign and national currencies at the level of "BBB-" and "BBB", respectively. Thus, Fitch has made the following rating actions are: National company KazMunaiGas (KMG): Long-term foreign currency IDR is affirmed at "BBB-", outlook Stable, long-term local currency IDR is affirmed at "BBB" Stable Outlook, Short-term foreign currency IDR is affirmed at "F3"; senior unsecured debt rating was affirmed at "BBB-"; National company Kazakhstan Temir Zholy (KTZ): Long-term foreign currency IDR affirmed at "BBB-", Outlook Stable; senior unsecured debt rating was affirmed at "BBB-"; Kazakhstan company Electricity Grid "(KEGOC): Long-term foreign currency IDR is affirmed at "BBB-", outlook changed to "positive" from "stable"; Long-term local currency IDR is affirmed at "BBB", the forecast changed to Positive from Stable, Short-term foreign currency IDR is affirmed at "F3" and Mangistau Electricity Distribution Company (MEDNC): Long-term foreign currency IDR is affirmed at "BB", "Stable" outlook, senior unsecured debt rating in foreign currency affirmed at "BB"; Short-term foreign currency IDR is affirmed at "B"; Long-term IDR local currency affirmed at "BB +", "Stable" outlook, senior unsecured debt rating in local currency affirmed at "BB +"; National Long-term rating was affirmed at "AA-(KAZ)," forecast "Stable".

December 22, it became known that the BTA has signed a framework agreement on conventional bank deposits with the JSC Export Credit Insurance Corporation KazEksportGarant. "The purpose of this agreement is the provision of trade financing in the framework of support for Kazakh companies exporting non-oil products. As stated, this program was designed KazEksportGarant in 2010 to implement the government program of forced industrial-innovative development (GPFIR) of the Republic of Kazakhstan for 2010-2014. One of the main objectives of the Program is to stimulate demand for the Kazakhstan products from overseas buyers by providing them with trade finance on concessional terms. In addition to BTA Bank, one of the participants in the program is JSC Kazkommertsbank.

December 22, Vice Minister of Oil and Gas of Kazakhstan Mr. Asset Magauov during an online conference on the portal Bnews.kz reported that soaring prices for fuel and lubricants in Kazakhstan in the coming months is not expected. Moreover, he noted that "the price once a quarter just two or three Tenge rises. Vice-Minister noted that due to the removal from July 01 customs posts in the Customs Union of Kazakhstan, Belarus and Russia will risk overflow of oil from Kazakhstan to Russia. Should gradually with the Russian Federation to carry out the alignment of prices, he added. He also said that Kazakhstan's oil refineries can **be changed to the fuel standard Euro-5, bypassing the standard Euro-3 and Euro-4.** Mr. A. Magauov reported that the experts were given the recommendation to consider as part of the reconstruction of refineries provides direct passage to the Euro-5 standard. Gradual modernization will require more time and, of course, enormous costs of the state in this process. It was therefore decided to go straight to the Euro-5 standard, bypassing all the others, so you do not have to remodel, finish building. Earlier, a gradual modernization of refineries, to the quality of Euro-3 in 2014, to Euro-4 - in 2016.

MARKET SHARES

Market news

December 15 it was announced that from December 28, SA Finance & Investment House "RESMI" waived status of market-maker on KASE on common shares KZ1C24600013 (MREK) JSC Mangistau Electricity Distribution Company (Aktau).

From December 21 in the secondary market KASE opens trades in preferred shares KZ1P57360110 (TKUDp) JSC Mining Tort-Kudyk (Astana).

Primary market sector

In this sector of KASE during the analyzed period deals were concluded. Bidding on the placement of the bonds was not conducted.

Secondary market sector (purchase and sale)

A total of 275 deals were made in shares during the analyzed period.

	current	Trend for	
	week	1 week	2 weeks
Average daily volume. USD th.	1,845.0	+52.2%	-31.7%
Average daily volume. KZT m.	271.7	+52.1%	-31.5%
Stake of nego deals. number (%)	0.1	+0.04 pp	-0.8 pp
Stake of nego deals. volume (%)	0	+0.01 pp	-22.4 pp
KASE members	33	+6.5%	0
Number of shares denominations*	18	+5.9%	0
Stake of pension funds. gross (%)	0	0	0
on purchase	0	0	-11.8 pp
on sale	0	0	0
Stake of individuals. gross (%)	54.7	-6.4 pp	-0.2 pp
on purchase	42.0	+10.0 pp	+1.3 pp
on sale	67.4	-22.9 pp	-1.7 pp
Stake of nonresidents. gross (%)	14.4	-8.6 pp	+0.9 pp
on purchase	20.0	-14.22 pp	+8.6 pp
on sale	8.9	-3.0 pp	-6.8 pp

*on which deals were made at KASE

In the described period weighted average daily prices of 7 items of equity instruments involved in the transaction, 9 instruments have showed a growth, prices of 3 instruments did not changed. Negative change in shares prices in the range from 1.19% (ZERD) to 7.55% (BTAS), positive – from 0.01% (SATC) to 10.00% (UTMKp).

More detailed data on share trades on KASE shown in table below.

Results of share trades on KASE, including STF of RFCA within December 15 - 22, 2010, only by data on deals made on the secondary market of KASE by the methods of opened trades)

Share code on KASE	Price. KZT per share:				Volume Of deals th.USD	Num- Ber of deals	Best for the period:			
	on the last deal:		for last 365 days:				bid	offer		
	min.	max.	price	trend. %	min.	max.				
BSUL	630	630	630	0	200	630	35.13	5	630	630
BTAS	5.6	6.5	6	-7.55	5	2300	15.17	21	6.5	5.6
CCBN	570	600	590.82	+0.99	515	817	2,059.57	35	600	570
GB_ENRC	2200	2280	2280	+1.81	1800	2800	12.69	5	2285	2200
GB_KZMS	3499	3699	3541	-2.32	2155	3699	38.85	7	3699	3499
HSBK	355	370	366	+0.27	250	400	54.94	7	370	355
KAZIp	360	360	360	-2.70	212	390	22.99	1	360	360
KKGB	423	430	427	-2.82	356	707	11.94	8	430	423
KZTK	18100	18500	18500	+1.09	11800	19800	626.65	40	18500	18100
KZTKp	8500	8700	8700	+2.35	6000	8910	15.77	3	8700	8500
PAIN	13000	13000	13000		12500.01	13000	33.86	1	13000	13000
RDGZ	17500	17750	17500	-1.24	15155.01	24300	14.86	7	17750	17500
RDGZp	16800	17300	17300	+2.37	10800	21988.89	1,374.98	52	17300	16800
SATC	71.07	71.08	71.08	+0.01	70	75	67.99	7	71.08	71.07
TSBN	865	865	865	-4.74	865	980	2.94	1	865	865
UTMKp	4400	4400	4400		4000	5500	7.47	2	4400	4400
ZERD	1.31	1.67	1.67	-1.18	0.67	7.01	3,167.03	14	1.67	1.31
ZERDp	5.5	5.5	5.5	0	5	5.7		1	5.5	5.5
18							7,562.8	217		

Notes: Trends are given relative to the last deal of the previous 30 days period (November 15 - December 15, 2010). If deals were not made in the previous month the trend is not calculated.

MARKET OF CORPORATE BONDS

News of corporate bonds market

December 15 it was announced that from **December 28**, **JSC Finance & Investment House "RESMI"** waived status of market-maker on bonds KASE KZPC4Y05B661 (MREKb5), KZP05Y05B662 (MREKb6) **JSC Mangistau Electricity Distribution Company (Aktau)**.

From December 20, international bonds XS0570541317, US25159XAA19 (BRKZe6) Development Bank of Kazakhstan (Astana) **on the official list of KASE** category "Debt Securities with ratings.

December 20 **Subsidiary of JSC ATFBank – JSC ATF Finance** assigned the market-maker on KASE on international bonds XS0570541317, US25159XAA19 (BRKZe6) **JSC Development Bank of Kazakhstan (Astana)**.

Primary market sector

In this sector of KASE during the analyzed period, no deals were made. Offerings were not made.

Secondary market sector (purchase and sale)

A total of 70 deals were made in bonds during the analyzed period on KASE.

	current week	Trend for	
		1 week	2 weeks
Average daily volume. USD th.	6,619.5	+48.4%	-40.2%
Average daily volume. KZT m.	974.8	+48.3%	-40.0%
Stake of nego deals. number (%)	0	0	0
Stake of nego deals. volume (%)	0	0	0
KASE members	24	-22.6%	0
Number of bonds denominations*	0	+3.6%	+3.6%
Stake of pension funds. gross (%)	16.8	-10.8 pp	-12.8 pp
on purchase	19.5	+2.3 pp	+7.8 pp
on sale	14.0	-24.0 pp	-33.4 pp
Stake of individuals. gross (%)	50.2	+44.4 pp	+45.0 pp
on purchase	21.4	+17.8 pp	+19.0 pp
on sale	79.0	+71.1 pp	+71.05 pp
Stake of nonresidents. gross (%)	1.2	-3.29 pp	+1.21 pp
on purchase	2.31	+2.19 pp	+2.30 pp
on sale	0.1	-8.77 pp	+0.11 pp

on which. deals were made at KASE

Following the period of growth of average net price on the open market bonds were characterized by 16 items, fall – 7, prices of the 4 tools have not changed. Yield to maturity for a buyer on deals rose during the week for 9 bonds, have declined - in 12, benefits of 9 instruments decreased. Positive change in bond yield to maturity in the range from 0.02% (TEBNb18) to 1.12% (TXBNb4), negative - from 0.02% (TXBNb4) up to 7.50% (CACMb1).

More detailed data on corporate bonds on KASE shown in table.

Results of bond trades on KASE including STF of RFCA within December 15 - 22, 2010 (only on data of deals . made on secondary market of KASE by the methods of opened deals)

Bond code on KASE	Yield to maturity for a buyer. % APR:						Volume of deals th. USD	Num- ber of deals	Best for the period:	
	on the last deal:		for last 365 days:		bid	offer				
	min.	max.	yield	trend					min.	max.
ATFBe5	9.00	9.00	9.00		9.00	9.00	101.01	1	9.00	9.00
BRKZe4	7.33	7.33	7.33	0	6.85	7.50	26.78	1	7.33	7.33
BTAIb9	6.80	6.80	6.80	0	6.80	30.00	80.51	4	6.80	6.80
CACMb1	10.50	14.00	10.50		10.50	34.00	139.02	3	10.50	16.29
CCBNb11	9.50	9.50	9.50		9.45	9.50	98.43	1	9.50	9.50
CSBNb6	14.95	14.95	14.95		13.95	19.95	10.99	1	14.95	14.95
EUBNb3	10.00	10.00	10.00	0	8.00	14.50	4.01	1	10.00	10.00
EUBNb9	9.00	9.00	9.00	+1.00	8.00	11.00	15,986.68	2	9.00	9.00
HSBKb13	8.50	9.00	9.00		8.50	13.91	61.59	3	8.50	9.00
JGOKb2					10.40	10.40	13.81	1	7.18	7.18
KASSb1	7.50	7.50	7.50		7.00	14.75	0.70	1	7.50	7.50
KDTSb1	15.39	15.39	15.39		15.25	51.80	89.23	1	0.00	15.39
KKGBe4	9.81	9.81	9.81	0	8.75	16.00	43.42	1	9.81	9.81
KZIKb16	9.50	9.50	9.50		9.50	9.50	15.98	1	9.50	9.50
KZIKb17	12.10	14.70	12.10	-1.90	12.00	15.90	4,915.69	4	12.10	14.70

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Continued of table

Bond code on KASE	Yield to maturity for a buyer. % APR:						Volume of deals th. USD	Number of deals	Best for the period:	
			on the last deal:		for last 365 days:				bid	offer
	min.	max.	yield	trend	min.	max.				
KZIKb19	11.00	11.00	11.00		10.00	11.00	18.35	1	11.00	11.00
KZIKb8	12.00	12.00	12.00		12.00	17.14	15.15	1	12.00	12.00
LOGCb2	12.00	12.00	12.00	0	7.87	26.00	1.25	1	12.00	12.00
NRBNb2	13.50	13.50	13.50	+0.50	13.00	18.00	296.46	1	13.50	13.50
ORDKb2	14.00	14.50	14.50	+2.50	12.00	16.00	20.23	3	14.00	14.50
PRKRb4	6.15	8.25	8.25	+1.10	6.15	8.50	6,777.19	4	0.00	8.25
SATCb1	10.00	10.50	10.50		4.05	10.50	34.33	2	10.00	10.50
SKKZb23	4.51	4.60	4.60	+0.09	4.50	6.50	95.64	4	4.51	4.60
TEBNb18	17.24	17.24	17.24	+0.02	17.23	31.59	47.13	2	17.35	18.05
TSBNb2	13.00	14.00	13.00		13.00	21.00	427.11	4	13.00	14.00
TSBNb4	11.00	11.00	11.00	+0.02	9.02	19.00	8.71	1	11.00	11.00
TXBNb4	5.00	6.80	5.00		5.00	6.80	2,656.11	5	5.00	6.80
TXBNb5	5.21	5.21	5.21	0	5.20	6.50	3.70	1	5.21	5.21
ZERDb1	18.00	18.00	18.00	0	10.00	119.00	386.14	3	0.00	18.00
29							32,375.4	59		

Notes: Trends are given in percentage points (1pp = 100 basis points) relative to the last deal of the previous 30 days period (November 15 - December 15, 2010). If deals were not made in the previous month the trend is not calculated.

GOVERNMENT SECURITIES (GS) SECTOR

Primary market sector

In this sector of KASE during the analyzed period, no deals were made. Bidding on government securities was made.

Secondary market sector (purchase)

During the monitoring period, the total volume of 29 transactions at KASE amounted to KZT12,801.7 million (\$86.9 million). In the previous period (December 9-14, 2010), this figure was KZT34,449.9 million (\$233.7 million), with 26 transactions. The share exchange in the total volume of Kazakhstan secondary market transactions for comparable sales in the analyzed period amounted to 100.0% (in the previous period - 92.8%).

Parameters of Exchange's transactions in GS within December 15 - 22, 2010

Days till maturity	Yield to maturity for a buyer. % APR.				Volume. m. KZT discounted	Number of deals
	min	max	last deal	weighted average		
Discount (KZT): the notes of NB.						5.6% (86.6%) of purchase and sale sector's turnover
8 -14	0.90	0.90	0.90	0.90	719.84	1.00
Total					719.8 (29,819.9)	1 (15)
Coupon (KZT): MEOKAM, MEUKAM, MEUJKAM						94.4% (13.4%) of purchase and sale sector's turnover
1461 - 1825	5.49	5.50	5.49	5.50	3,613.83	6
1826 - 2190	4.80	5.60	5.00	5.07 (5.00)	7,326.52	16
Over 2191	5.60	5.60	5.60	5.60 (5.36)	1,141.37	5
Less 730	7.30	7.30	7.30	7.30 (2.10)	0.10	1
Total					12,081.8(4,630.1)	28 (11)
TOTAL					12,801.7 (34,449.9)	29 (26)

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