

WEEK OF STOCK MARKET OF KAZAKHSTAN

December 5-9, 2011

Date	Index KASE	USDKZT	TONIA	TWINA	KazPrime
02.12.2011	1,134.63	147.59	0.08	0.13	2.00
05.12.2011	1,130.40	147.63	0.09	0.14	2.00
06.12.2011	1,148.36	147.65	0.09	0.13	2.00
07.12.2011	1,143.67	147.68	0.07	0.12	2.00
08.12.2011	1,143.67	147.64	0.04	0.12	2.00
09.12.2011	1,116.36	147.80	0.03	0.14	2.00
Trend	-18.27	0.21	-0.06	0.01	0
%	-1.6	+0.1	-67.2	+4.9	0

MAIN NEWS OF KAZAKHSTANI STOCK MARKET

December 5 Fitch Ratings has assigned final ratings of domestic bonds of LLP "SOUTHS-OIL", with volume of 1 billion tenge, rate of 9%, maturing September 8, 2014: The final senior unsecured local currency "B" and the final National senior unsecured rating "BB (kaz)". As stated in the report of Fitch, it is expected that the proceeds of the bonds will be used for general corporate purposes. SOUTHS-OIL is a small private oil company based in Kazakhstan, performing oil exploration and production in the Kyzylorda region in the south.

December 5 JSC "Kazakhtelecom" reported that the credit rating agency Standard & Poor's has prepared a report according to which long-term credit rating of JSC "Kazakhtelecom" and national scale rating was affirmed at the same level: "BB" with a stable outlook and "kzA". According to regulations of rating agency Standard & Poor's, a general report on the company with confirmation of the rating is issued once a year, if the rating agency Standard & Poor's does not change the value of the last credit rating of the rated company.

December 6 National Bank of Kazakhstan reported that:

- **In November 2011 there was a decrease in gross international reserves of National Bank of Kazakhstan by 1.4% to 32.2 billion U.S. dollars** (from the beginning of the year - an increase of 13.8%). Net international reserves of National Bank also declined by 1.4% to \$ 31.6 billion (from the beginning of the year - an increase of 14.1%). Government external debt service, replenishment of assets of the fund from the accounts of foreign exchange reserves were partially offset by the receipt of currency on accounts of the Government in the National Bank and an increase in balances on correspondent accounts in foreign currency in National Bank. Net foreign exchange assets in November 2011 decreased by 1.5%. Gold assets decreased by 0.8% due to decrease of its price on world markets. In November 2011, international reserves of the country, including assets of the National Fund in foreign currency (preliminary 43.3 billion U.S. dollars), rose by 0.6% to \$ 75.4 billion U.S. dollars (from the beginning year - an increase of 27.3%).
- **In November 2011 the tenge against the U.S. dollar varied in the range of 147.20-148.22 tenge per \$ 1.** During November 2011 tenge has strengthened by 0.1% and month-end exchange rate of tenge was 147.69 tenge per dollar.
- **In October 2011 the total volume of placed interbank deposits as compared to September 2011 decreased by 26.4%, amounting to the equivalent of KZT 1,822.5 billion.** The volume of placed interbank tenge denominated deposits decreased by 61.8% to 407.1 billion (22.3% of the total volume of deposits). In this the average weighted interest rate on interbank tenge deposits in October rose from 0.66% to 0.69%. The volume of attracted deposits from the National Bank of the banks in October 2011 compared to September 2011 decreased by 62.7% to 379.5 billion tenge.

Moody's Investors Service downgraded December 7 long-term deposit ratings of "BTA Bank" (BTA) in local and foreign currencies to Caa2 from B3, as well as long-term rating of senior unsecured foreign currency debt to Ca from Caa2 and long-term rating of subordinated debt in foreign currency to C from Caa3. As stated in the message of the agency, downgrade was due to Moody's view that the BTA has weakened, reflecting the absence of a return to profitability, capital shortages and possible further debt restructuring. At the same time, self-rating of the banking financial stability (BFSR) of BTA on the level of E was confirmed. Nevertheless, Moody's now estimates the bank's BFSR at E level as the level of Ca in long-term rating scale, instead of the previously indicated level Caa2. BFSR and subordinated debt ratings have "stable" outlook, while the rating for senior unsecured debt and deposit ratings outlook are "developing". Moody's notes that the downgrade reflects the current weakening of the BTA and the increased risk, resulting in the bank's inability to meet its obligations in the short to medium term. Despite the restructuring of market borrowings of

BTA - reduction of approximately 70% of the debt in September 2010 - BTA may not be able to return to profitability and rebuild its capital. According to BTA reporting under IFRS, capital deficit was \$ 1.48 billion (12.2% of total assets) at the end of the first half of 2011. Moody's believes that only about 20-25% of the BTA's loan portfolio currently generate revenues, so its operating activities depletes its reserves of liquidity. The only source of liquidity replenishment is new deposits and repayment of loans, making the bank unsustainable on liquidity position. Moody's believes that the lack of capital, current income and cash flow increases the likelihood that BTA may have to restructure its debt again to restore capitalization and lower funding costs. In this scenario, according to Moody's, losses for holders of senior debt BTA can be in the range of 30-50%.

December 8 Ratings Services Standard & Poor's raised its long-term credit ratings of the key subsidiaries of 100% state oil company, JSC "National Company "KazMunaiGas". S & P upgraded the long-term credit ratings of oil and gas company JSC KazMunayGas ExplorationProduction (EP KMG, 63% owned by KMG) and operator of oil pipelines JSC "KazTransOil" (KTO, 100% owned by KMG) – from "BB+" to "BBB-". Outlook is "Stable". At the same time outlook on the ratings of operator of gas pipelines JSC "KazTransGas" (KTG, 100% owned by KMG) and its 100 percent subsidiary - gas pipeline operator JSC "Intergas Central Asia" (ICA) was revised - from "stable" to "positive"; rating of KTG is affirmed at 'BB'. Rating of ICA is equated to rating of KTG. As indicated, the rating actions reflect the expectations of S & P that the positive impact on the performance of subsidiaries will be provided by emergency government support due to their strong (albeit indirect) relationship with the Government of the Republic of Kazakhstan (BBB +/Stable/A-2). As a result, S & P goes from the methodology of the rating subsidiaries in the parent group to the methodology of rating organizations concerned with the state. S & P analysts believe that KMG EP and KTO are the key subsidiaries of KMG and have relatively high performance of its own creditworthiness, the agency assess the level "bb+". S & P notes their importance to the economy of Kazakhstan, focused on oil production, and assesses the likelihood of extraordinary government support to KMG EP and KTO as high.

Stock exchange market

During the study period at KASE on the secondary market sale 160 deals were concluded

	current	change for	
	week	1 week	2 weeks
Average daily volume. USD th.	503.5	-10.8%	+68.9 %
Average daily volume. KZT m.	74.4	-10.8%	+69.2%
Stake of nego deals. number (%)	0	0	-0.01 pp
Stake of nego deals. volume (%)	0	0	-0.0001 pp
KASE members	28	0	+21.7%
Number of shares denominations*	15	-6.3%	+7.1%
Stake of pension funds. gross (%)	0	-1.7 pp	0
on purchase	7	+5.3 pp	+7.0 pp
on sale	0	-1.8 pp	0
Stake of individuals. gross (%)	43.8	+0.9 pp	-9.3 pp
on purchase	34.0	+5.3 pp	-11.6 pp
on sale	53.6	-3.4 pp	-6.9 pp
Stake of nonresidents. gross (%)	12.8	-1.3 pp	-7.3 pp
on purchase	25.4	-0.1 pp	+1.1 pp
on sale	0.3	-2.5 pp	-15.6 pp

*on which the deals on KASE have been conducted

In the described period falling of average daily prices was detected for 5 items, growth showed 4 tools involved in the transaction, prices of the 3 instruments have not changed. Negative change in the weighted average share price was at the levels from 0.01% (SATC) to 4.84 (HSBK), positive - from 0.02% (KZTKp) to 7.59% (CSBNp).

Detailed information on share trades at KASE is given in the table below:

Results of share trades on KASE, including STF of RFCA within December 5-9, 2011, 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. of deals	Best for The period:			
	Last deal:		for last 365 days:				Demand	Supply,		
	min	max	price	trend,%					min	max
BSUL	629.99	630.00	630.00	0	629.99	658.05	36.8	6	630.00	629.99
BTAS	1.00	1.00	1.00	0	0.50	6.90	5.0	5	1.00	1.00
CCBN	284.99	285.00	284.99	-1.7	280.00	670.00	6.9	4	285.00	284.99
CSBNp	505.00	505.00	505.00	+7.59	505.00	505.00	136.4	2	505.00	505.00
GB_ENRC	1,560.00	1,604.00	1,560.00	+0.7	1,275.00	2,600.00	21.4	5	1,604.00	1,549.99
GB_KZMS	2,099.99	2,198.89	2,100.00	-2.4	1,780.00	3,800.00	63.0	16	2,200.00	2,099.99
HSBK	209.00	222.00	209.00	-4.2	197.00	445.00	159.7	18	222.00	209.00
KKGB	225.00	235.00	225.00	-2.2	221.05	616.00	77.2	12	235.00	225.00
KZTK	17,251.00	17,999.00	17,400.00	-0.6	16,800.00	20,850.00	267.6	9	17,999.00	17,251.00
KZTKp	12,502.00	12,503.00	12,503.00	+0.02	7,490.00	12,503.00	107.8	10	12,503.00	12,502.00
RDGZ	14,500.00	14,800.00	14,650.00	-1.0	12,100.00	21,000.00	66.4	6	14,800.00	14,500.00
RDGZp	13,400.00	13,900.00	13,900.00	-0.7	12,001.00	20,510.00	933.9	52	13,900.00	13,400.00
SATC	71.01	71.01	71.01	-0.01	71.00	72.00	48.1	3	71.02	71.01
ZERD	1.21	1.21	1.21		1.10	2.49	3.4	1	1.21	1.21
ZERDp	5.40	5.40	5.40	0	4.60	5.72	583.9	11	5.40	5.40
16							2,517.4	160		

Notes: Trends are given relative to the last deal of the previous 30 days period. If deals were not made in the previous month the trend is not calculated.

Corporate bonds market

In this sector of KASE during the analyzed period 30 deals were made.

	current week	Change for	
		1 week	2 weeks
Average daily volume. USD th.	2,475.6	-29.5%	+81.1%
Average daily volume. KZT m.	365.5	-29.5%	+81.6%
Stake of nego deals. number (%)	0.1	+0.1 pp	+0.1 pp
Stake of nego deals. volume (%)	0.1	+0.1 pp	+0.1 pp
KASE members	15	-25.0%	+25.0%
Number of bonds denominations*	16	-4.0%	+33.3%
Stake of pension funds. gross (%)	32	+26.0 pp	+31.9 pp
on purchase	59	+52.9 pp	+58.8 pp
on sale	5	-0.8 pp	-52.8 pp
Stake of individuals. gross (%)	30.0	-24.6 pp	+23.7 pp
on purchase	0.1	-47.8 pp	-1.3 pp
on sale	59.9	-1.3 pp	+48.6 pp
Stake of nonresidents. gross (%)	0	0	0
on purchase	0	0	0
on sale	9.8	+9.5 pp	-19.0 pp

* on which deals were made at KASE

Following the period, growth of average net price on the open market bonds characterized 10 items, fall – 6. Yield to maturity of deals rose in the week for 9 bonds, declined - for 4, remained unchanged – for 3. Positive change in bond yield to maturity was in the range from 0.000002% (ORDKb2) to 1.00% (BTAlb3), negative – from 0.02% (SKKZb22) to 3.90% (EXBNb2)

More detailed data on corporate bonds on KASE is shown in the table below:

Results of bond trades on KASE including STF of RFCA within December 5-9, 2011 (only on data of deals . made on secondary market of KASE by the methods of open trading):

Bond code on KASE	Yield to maturity for a buyer. % APR:						Amount of deals, th. USD	Number of deals	best for the period:	
	on the last deal:		for last, 365 days,:			demand			supply,	
	min.	max.	yield	min.	min,					max,
ASBNe11	9.61	10.82	9.61		9.61	10.82	43.6	3		
ATFBe3	7.99	7.99	7.99		4.64	7.99	509.2	1	7.99	7.99
BTAlb3	8.00	8.00	8.00	+1.0	7.00	21.52	10.6	1	8.00	8.00
BTASe7	43.17	43.17	43.17		9.67	43.17	35.2	2		
EXBNb2	9.00	10.00	9.00	-3.9	9.00	18.50	81.8	4	1.00	13.00
KKGBe4	8.80	8.80	8.80	-0.1	7.14	10.80	302.4	4	8.80	8.98
KZIKb21	8.00	8.00	8.00	+0.0001	8.00	8.00	7,279.8	1	8.00	8.00
ORDKb2	12.00	12.00	12.00	+0.000002	12.00	16.02	16.9	2	12.00	12.00
SKKZb22	5.68	5.68	5.68	-0.02	5.25	6.00	1,454.1	1	5.68	5.68
ZERDb1	17.00	17.00	17.00		5.00	19.00	88.8	2	17.00	17.00
20							9,822.4	21		

Notes: Trends are given relative to the last deal of the previous 30 days period. If deals were not made in the previous month the trend is not calculated.

GOVERNMENT SECURITIES (GS) SECTOR

Primary market sector

December 5 at KASE trade system, the trades on placement of short-term treasury bills of the Ministry of Finance of the Republic of Kazakhstan MEKKAM-12 release 121 (KZK1KY011214, MKM012_0121; 100 tenge, 5/12/11, 5/12/12, semi-annual coupon, actual/actual) were held, on which Ministry of Finance planned to borrow 15.0 billion tenge. Subject of bargaining is a fixed coupon. The auction was attended by 7 primary dealers, which were members of KASE. Through these investors nine applications were filed, of which the expiration time applications were active nine orders. The total amount of active orders (demand volume) was 9,242.4 million tenge. As a result of trade, the issuer granted the application for the purchase of 43,333,333 of bonds to the amount of 4,264,190,733.87 tenge (28.9% of the planned volume of placement).

December 7 the trade system of KASE held specialized auction on placement of government treasury bills of the Ministry of Finance of the Republic of Kazakhstan MEOKAM-36 release 83 (KZK2KY030833, MOM036_0083; 1,000 tenge, 7/12/11, 7/12/14, semi-annual coupon, 30/360), which the Ministry of Finance planned to borrow 10.0 billion tenge. Subject of bargaining is the coupon rate. The auction was attended by 10 primary dealers, which were members of KASE. Through these subjects, investors filed 14 applications, of which the time expired applications remained active 14 orders. The total amount of active orders (demand volume) amounted to 10,489.0 mln. Coupon in active bids ranged from 2.85% to 6.00% per annum, in average terms, 3.5597% per annum. As a result of trade, the issuer granted the application for purchase of 9,166,666 bonds worth 9,166,666,000.0 KZT (91.7% of the planned volume of placement) at 3.10% per annum.

Secondary market sector)

During this period the total volume of 10 deals concluded on KASE amounted to 809.4 million tenge (\$ 5.5 million). In the previous period (November 28 – December 2, 2011) the figure was 887.4 million, tenge (\$6.0 million), with 14 transactions. Share of exchange turnover in the overall volume of Kazakhstan secondary market for government securities of comparable sales and purchases in the analyzed period was 43.0% (in the previous period - 100.0%).

Parameters of Exchange's transactions in GS within December 5-9, 2011

Days till maturity	Yield to maturity for a buyer. % APR.				Volume.		last deal
	min	max	last deal	min	max		
Discount (KZT) National Bank notes							
30.4% (11.3%) of purchase and sale sector net turnover							
15 - 28	0.50	0.50	0.50	0.50 (0.50)	47.0		5
92 - 181	1.30	1.30	1.30	1.30	198.9		1
Total					245.9 (100.0)		6 (9)
Coupon (KZT): MEUKAM, MEOKAM							
69.6% (88.7%) of purchase and sale sector net turnover							
731 – 1,095	2.74	2.74	2.74	2.74	319.2		1
More than 2,191	5.00	5.00	5.00	5.00 (5.00)	244.3		3
Total					563.5 (787.4)		4 (5)
TOTAL					809.4 (887.4)		10 (14)

WORLD MARKETS

Main news of the world markets

December 4 new Italian cabinet approved a package of regular anti-crisis measures in the amount of 24 billion euros. Investors were encouraged by the fact that the population of Italy calmly reacted to the decision, which shows the confidence of citizens in the new government. Meanwhile, these measures include higher taxes on luxury items of movable property, as well as increase by 2% of VAT rate in the second half of 2012. In addition, the government has also decided to raise the retirement age for men and women.

December 5th on eve of a summit of EU leaders
December 8-9 head of France and Germany held a meeting, agreeing on coordinated actions to adopt structural reforms in Europe. According to French President Nicolas Sarkozy, the two largest economies in the region are going to propose to the EU position whereby countries with high budget deficit will be automatically sanctioned.

December 6th international rating agency Standard & Poor's placed on the list for review with the possibility of lowering the credit ratings of 15 euro area countries, including France and Germany. As stated by S & P, the agency will complete the review of credit ratings of the euro area immediately after the summit of EU leaders, scheduled for 08/09 December. However, as indicated agency, on one level can be lowered credit ratings on Austria, Belgium, Germany, Luxembourg, the Netherlands and Finland, the remaining countries - in two stages. The above rating action, according to S & P, was due to the negative impact the current turmoil in the financial sector in the region on the sovereign ratings of states. In addition, S & P placed on the list for review with the possibility of lowering the credit rating of the European Foundation for Financial Stability (EFSF).

December 7th, it was reported, citing unnamed sources within the German government, that Berlin opposed the merger of the European Foundation for financial stability and the mechanism of the European stability. It was reported that Germany adheres to past agreements under which after the exhaustion of the resources of the European Financial Stability Fund permanent mechanism for European stability will be launched.

December 8 new ECB head Mario Draghi said that the European Central Bank had no plans to increase purchases of government bonds of countries outside the euro area. Also, the ECB expects euro-zone GDP to decline by 0.4% in 2012 and in 2013 - 0.3%. According to forecasts of the ECB, inflation in 2012 in the region was 2% (previously 1.7% expected).

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