

# WEEK OF STOCK MARKET OF KAZAKHSTAN

August 14 – 20

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## SUPPLEMENTAL INFORMATION

US dollar = **120.10** at official rate for the end of the period.

US dollar = **120.00** at weighted average rate of the Exchange for the end of the period.

Speed of tenge devaluation to dollar for the period at exchange's rate made **7.6% APR**.

### Money market indicators as of August 20 and change for the period

Indicator	Rate	Trend
TONIA	2.58	+0.44
Autorepo GS 7 days	4.02	+0.02
KazPrime-3M	6.77	-0.01

### Stock securities' market indicators as of August 20 and change for the period

Index	Value	Trend
KASE	2,109.94	-3.94
KASE_BP	270.85	-0.86
KASE_BC	162.58	-1.16
KASE_BY	10.91	+1.89

## MAIN NEWS OF THE MARKET

### August 14, the Exchange Council of KASE

- **amendments No. 1 into KASE internal document "Stock Market Indicators Calculation Methodology" were approved** and are to be effective September 1, 2008. New edition of the Methodology has been elaborated for purposes of editorial adjustments and refinements of terms and order of stock market indicators calculation.
- **amendments No. 1 into KASE internal document "Regulations on Risk Committee" were made effective beginning August 14, 2008.** According to the amendments the main functions of the Risk Committee have been supplemented with the following:
  - forming representative lists for calculation of stock market indicators in accordance with KASE internal documents;
  - determination of number of free-floating shares for purposes of stock index calculation.

Besides, authorities of the Risk Committee were supplemented by its right to exclude from calculation of stock market indicators parameters of some deals and orders on deal conclusion.

**August 14 the Statistic Agency of RK** announced that **growth rates of GDP of Kazakhstan in initial 6 months of 2008 decreased from 10.2 % to 5.4 %** for the same period of last year 2006. According to Statistic Agency the stake of goods production takes 44.2 %, services – 55.2 % in GDP structure. Earlier Ministry of Economy and Budget Planning estimated GDP growth in initial 6 months of 2008 at 5.1 %.

**August 15** Agency of Republic of Kazakhstan for regulation and supervision over financial market and organizations (AFS) had published today on its web site the informative message, in compliance with which in accordance with Order of Chairman of Agency dated August 7, 2008 #322 to the **Bank Astana-finance JSC was given the license # 257 dated August 7, 2008 for conduction of banking and other operations.**

**August 18 Fitch Ratings** has upgraded the ratings of **Russia's BTA Bank (LLS) (BTA-Russia)** to Long-term Issuer Default (IDR) 'B+' from 'B-' (B minus), Support '4' from '5' and National Long-term 'A-(A minus)(rus)' from 'BB+(rus)'. This follows the completion of Kazakhstan-based BTA Bank's (BTA; rated 'BB+'/Outlook Negative) acquisition of a 52% stake in BTA-Russia. The upgrade reflects Fitch's view of the greater probability of support from BTA, should the need arise, now that the bank is majority-owned and will be fully consolidated into BTA's accounts. At the same time, BTA's Long-term IDR is itself driven by potential sovereign support (Support '3'), which may not in all cases be allowed to flow through to its subsidiaries, in particular those based outside of Kazakhstan. Taking into account this factor and Fitch's assessment of the stand-alone strength of BTA, BTA-Russia's Long-term foreign currency IDR is currently three notches below BTA's.

**August 18** KASE has released at its website the text of the **Rules on APF investment portfolio financial instruments evaluation**, approved by resolution No. 109 of the Agency of Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (AFS) of March 26, 2005 (Rules). The text has been effected in compliance with resolution No. 98 of AFS Board "On Introduction of Amendments in Resolution No. 109 of the Board of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations of March 26, 2005 "On Approval of Rules on APF investment portfolio financial instruments evaluation" of June 30, 2008 effective August 19, 2008

**August 19** The National Bank of Kazakhstan disseminated the press release, which informs that the **net international reserves (GFER) of the National Bank, excluding money of the National Fund of the Republic of Kazakhstan, in current prices decreased by 3.4 % to \$20,512.6 m. in the first half of August 2008**. It is noted in the press release that purchasing of currency on the internal currency market and inflows of currency on the accounts of Government in the National Bank and increase of remains on correspondent accounts of commercial banks in foreign currency in the National Bank were partially neutralized by operations for servicing of external debt of the Government. As a result, net currency reserves (NCR) decreased by \$262.4 m., assets in gold decreased by \$252.4 m. as a result of decrease of its price on the world markets by 8.7 %. International reserves of the country as a whole (in current prices), including money of National Funds (by preliminary data \$26,102.0m.) decreased by 0.8% to \$46,617.5 m. Increase of net internal assets of National Bank in the first half of August, 2008 had caused widening of monetary base by 3.6 % or KZT60.4 bn.

**August 20** Standard & Poor's Ratings Services said that it had affirmed its **'BB' long-term corporate credit ratings on Kazakh energy holding KazTransGas (KTG)** and its 100%-owned gas pipeline operator JSC Intergas Central Asia (ICA). The outlook remains negative. "The notching reflects KTG's stand-alone weaknesses. These include ambitious investments in gas transmission and distribution; a weak financial profile; heavy dependence on Russian energy giant OAO Gazprom (BBB/Stable/--); gas transit volume risk after 2011, when the gas transit contract with Gazprom expires, potential competition from alternative gas export pipelines transporting Central Asian gas; and opaque retail gas tariff regulation in Kazakhstan and Georgia" - said Standard & Poor's credit analyst Eugene Korovin.

## **SHARES MARKET**

### ***Primary market sector***

No deals were made in this sector of KASE during the analyzed period. No offerings were made

### ***Secondary market sector (purchase and sale)***

A total of 163 deals were made in shares during the analyzed period. Average daily volume made \$10,447.4 th. or KZT1,255.1 m. and increased compared to previous period (previous week weighted average volume made \$3,020.8 th. or KZT362.7 m.) by 3.5 times. In analyzed period 1.2 % (1.7 %) transactions on KASE in quantitative expression and 0.4 % (2.4 %) in volumetric expression were nego deals.

During the analyzed period deals were made by (in the parenthesis are given comparable indicators of the previous period) KASE's 36 (37) members. In deals 26 (15) denominations of shares were included. At that: 18.5 % (10.4 %) of gross-turnover of the market – 8.6 % (18.9 %) on purchasing transactions and 28.5 % (2.0 %) - on sale transactions were controlled by pension market subjects; 5.3 % (46.5 %) of gross-turnover of shares – 5.4 % (35.8 %) - on purchasing transactions and 5.1 % (57.2 %) - on sales transactions went through the depo accounts, registered on physical persons during the week. At that 0.5 % (10.0 %) of gross-turnover – 0.2 % (0.4 %) on purchase and 0.9 % (19.5 %) on sales transactions went through accounts of non-residents.

In the described period weighted average daily prices of 23 % (18 %) of names of shares involved into deals, made on KASE by methods of opened trades grew, prices of 54 % (77 %) – fell, prices of 23 % (5 %) remained unchanged. In the described period shares prices changed positively in the range from 1.56 % (RDGZ) to 17.14 % (UTMKp), negative change – from 1.13 % (TSBN) to 19.27 % (GB\_KZMS).

By results of the week, KASE index decreased by 3.9 % (86.43 points) and again reached its regular minimum for the last 52 weeks (2109.94 points). As before, decreasing of domestic stock index was conditioned by external factors.

Speculative foreign investors continued selling Kazakhstan securities on permanent negative news from western financial markets. Companies of financial sector arouse much anxiety of investors today, which demonstrate worse and worse financial results. Increased world inflations risks and decreasing rates of economy growth of the leading economics also forced us to be alert.

It is hard to give forecasts on further tendencies yet: Kazakhstan market today is following to what happens on the west. This tendency will continue during nearest future.

Detailed results of trades in shares on KASE are given in the table.

**Results of share trades on KASE, including STF of RFCA within August 14 – 20 (only by data of deals, made on the secondary market of KASE by the methods of opened trades)**

Share code on KASE	Price, KZT per share:		on the last deal: price	trend, %	for last 365 days:		Volume of deals th. USD	Num-ber of deals	Best for the period:	
	min.	max.			min.	max.			bid	offer
aKZIK	10,356.39	10,356.39	10,356.39		10,050.00	10,356.39	12,929.33	2	10,356.39	10,356.39
ASBN	17,500.00	17,500.00	17,500.00	-5.4	14,000.00	64,500.00	29.31	1	18,500.00	17,500.00
ASFI	22,728.01	22,728.01	22,728.01	0	9,700.00	25,000.00	46.35	2	22,728.01	22,728.01
ASFlp	22,728.00	22,728.00	22,728.00		10,000.00	22,972.82	14,862.01	1	22,728.00	22,728.00
BTAS	54,500.00	57,500.00	55,999.00	-3.5	850.01	139,000.00	5,607.65	26	57,500.00	54,000.00
CCBN	1,450.00	1,480.00	1,450.00	-0.7	1,000.00	1,820.00	542.54	19	1,480.00	1,450.00
CSBN	4,520.52	4,520.52	4,520.52	0	3,850.00	7,400.00	16.74	2	4,520.52	4,520.52
GB_ENRC	2,300.00	2,442.00	2,300.00	-5.4	2,300.00	3,750.00	31.08	5	2,500.00	2,300.00
GB_KZMS	2,550.00	3,058.00	2,550.00	-20.2	2,550.00	4,600.00	84.21	7	3,058.00	2,550.00
HSBK	330.00	361.00	345.00	-4.2	330.00	649.99	682.87	31	377.20	330.00
HSBKp1	275.00	277.27	275.00		275.00	353.00	40.75	2	277.27	275.00
KIBN	280.00	308.00	308.00		110.00	402.00	95.41	7	308.00	280.00
KKGB	740.00	750.00	740.00	-2.6	600.00	1,255.00	69.63	4	771.00	740.00
KKGBp	315.00	330.00	315.00	-12.5	255.00	440.00	49.55	3	359.00	315.00
KZTK	31,000.00	33,900.00	33,900.00	+9.0	31,000.00	48,000.00	786.07	12	33,999.00	31,000.00
KZTKp	14,500.00	15,399.99	14,501.00	+3.6	14,000.00	24,600.00	63.56	3	15,399.99	14,500.00
MREK	2,599.99	2,700.00	2,600.00	+4.0	2,500.00	2,970.00	4,334.25	5	2,700.00	2,599.99
NFBN	4,900.00	4,900.00	4,900.00	0	1,321.00	6,083.50	8.61	1	4,900.00	4,900.00
NRBN	20,000.00	20,000.00	20,000.00		17,500.00	30,000.00	1.66	1	20,000.00	20,000.00
RAHT	2,900.00	2,900.00	2,900.00		2,310.00	4,200.00	66.62	2	2,900.00	2,900.00
RDGZ	16,650.00	17,494.82	16,700.00	+1.2	15,001.00	24,595.00	375.59	12	17,494.82	16,650.00
TEBN	6,100.00	7,000.00	6,795.00	-0.7	4,450.46	8,300.00	81.01	3	7,000.00	6,100.00
TEBNp	2,650.00	2,750.00	2,749.00		2,200.25	2,900.00	114.55	4	2,750.00	2,650.00
TMLZ	5,057.00	5,057.00	5,057.00		5,057.00	5,057.00	10,999.09	1	5,057.00	5,057.00
TSBN	1,750.00	1,750.00	1,750.00		1,680.01	4,500.00	9.69	2	1,750.00	1,750.00
UTMK	20,000.00	20,000.00	20,000.00		19,000.00	27,000.00	59.33	2	20,000.00	20,000.00
UTMKp	4,100.00	4,100.00	4,100.00	+17.1	1,500.00	10,000.00	31.74	1	4,100.00	4,100.00
27							52,019.20	161		

**Notes:** Trends are given relative to the last deal of the previous month (July 13 – August 13, 2008). If deals were not made in the previous month the trend is not calculated. Full list of issuers' symbols is available at [http://www.kase.kz/instruments/nzb\\_code.htm](http://www.kase.kz/instruments/nzb_code.htm)

## CORPORATE BOND MARKET

### News of corporate bond market

**Beginning August 14 trades in bonds** KZ2C0Y05D059 (KZT10,000; KZT2.5 bn.; 02.07.08 – 02.07.13, four month coupon 15 % APR, 30/360) of **KOMBISNAB JSC** (Almaty obl.) opened in KASE secondary market sector. Prime Financial Solutions JSC (Almaty) is a financial adviser of the issuer at placement of bonds on the organized market. The bonds were included into KASE official list of category "B" beginning July 2, 2008. Details on the issue of securities and the issuer are available at the KASE website at: <http://www.kase.kz/emitters/kmsb.asp>

**Beginning August 15** into the representative list of indices KASE\_BY, KASE\_BP and KASE\_BC, the following bonds with the corresponding parameters, used at indices calculation were included:

- **KZPC7Y07B579** (trading code – ASBNb10) bonds of **Alliance Bank JSC**, number of placed bonds – 2 800 units, the limiting coefficient – 1.000000;
- **KZPC3Y07B420** (NRBNb6) bonds of **Nurbank JSC**, number of placed bonds – 27 300 000 units, the limiting coefficient – 1.000000;

In addition, from August 15, 2008, at calculation of KASE\_BP index the Exchange will use the **(K) adjustment coefficient**, equal to 0.9975613, at calculation of KASE\_BC – 0.9972045, KASE\_BY – 0.9880248. Until the mentioned date K for KASE\_BP index was equal to 1.0013480, KASE\_BC – 1.0018241 and 0.9648912 for KASE\_BY accordingly.

**Beginning August 18** the company **Asia Broker Services** (Almaty) based on its application **was assigned the market-maker status on bonds** KZ2C0Y07C826 (KASE category "B" official list, SATCb1; KZT100, KZT15.0 bn.; January 3, 08 – January 3, 15, the semi-annual coupon, 12 % APR for the first circulation year, hereinafter – free float depending on the inflation level; 30/360) of **SAT & Company** (Almaty). The minimum volume of the mandatory quotation for the market-maker was set in the size of 23,400 bonds.

## Primary market sector

No deals were made in this sector of KASE during the analyzed period. No offerings were made.

## Secondary market sector (purchase and sale)

A total of 74 deals were made in bonds during the analyzed period on KASE. The weighted average volume made \$3,902.4 th. or KZT468.5 m. and decreased in comparison with the previous period (\$4,460.9 th. and KZT535.8 m. correspondingly) by 12.5 %. In the analyzed period no nego deals were made.

During the analyzed period (in parenthesis there are comparable indicators of previous week) deals were made by KASE's 25 (24) members on 26 (38) instruments. At that 22.1 % (17.4 %) of gross-turnover passed through accounts of pension market subjects 24.8 % (32.0 %) on purchasing transactions and 19.5 % (2.3 %) on sales operations. 7.7 % (13.1 %) of exchange's gross-turnover of corporate bonds – 2.7 % (10.9 %) on purchasing transactions and 12.8 % (15.2 %) on sale transactions, passed through depo accounts registered on physical persons. At that 6.6 % (0 %) of gross-turnover of corporate bonds – 11.3 % (0 %) on purchasing transactions and 1.9 % (8.2 %) on sales transactions went through accounts of non-residents.

By results of period 13 names of bonds were characterized by growth of average weighted net price on the opened market, 13 – of decrease. RGBRb6 (-19.7 %), TSBNb5 (-18.7 %), aHSBKb11 (-15.3 %), EUBNb4 (-11.3 %), HSBKb11 (-10.8 %), aHSBKb10 (-9.8 %), HSBKb10 (-9.8 %) and BTTRb1 (-9.3 %) seemed re-sold, while bonds KKGBb2 (+59.2 %), RGBRb4 (+25.3 %), KKGBb4 (+21.3 %) and CCBNb3 (+10.2 %) seemed re-purchased. Yield to maturity for buyers on deals made decreased during the week for 12 bonds, increased for 11.

Detailed data on corporate bond market is given in trades results table.

### Results of bond trades on KASE, including STF of RFCA within August 14 – 20, 08 (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	
	on the last deal:		for last 365 days:		period:					
	min.	max.	yield	trend	min.	max.			bid	offer
aBTTRb1	17.00	17.00	17.00		9.08	18.39	25.93	2	17.00	17.00
aHSBKb10	8.20	8.50	8.50		8.20	8.50	32.77	2	8.20	8.50
aHSBKb11	9.50	9.50	9.50		9.50	9.50	15.28	1	9.50	11.50
ASFlb11	13.00	13.00	13.00		9.50	16.00	2,250.02	2	11.50	13.00
ATFb5	11.00	12.00	12.00		9.95	12.50	17.05	2	11.00	12.00
BTAIb4	17.99	17.99	17.99	0	8.90	106.15	12.51	1	17.99	17.99
BTAIb6	15.50	20.00	20.00		10.00	20.00	88.01	2	15.50	20.00
BTASb7	7.60	7.60	7.60		6.73	14.00	1,831.35	1	7.60	7.60
BTTRb1	17.00	17.00	17.00		6.99	19.70	40.38	2	17.00	17.00
CACMb1	19.53	19.53	19.53	+1.9	9.75	19.53	12.53	1	19.52	19.53
CCBNb3	13.00	15.00	13.50		8.58	20.93	711.64	4	13.00	15.00
DTJLb1	23.93	25.50	24.00		7.00	25.50	5,299.28	20	23.00	25.50
EUBNb4	12.00	13.20	12.20	+2.2	9.00	18.00	2,824.18	8	10.00	13.20
HSBKb10	8.20	8.50	8.50		8.20	8.50	28.27	2	6.20	8.50
HSBKb11	9.50	9.50	9.50		7.50	9.50	14.56	1	9.50	9.50
KKAGb1	14.50	14.50	14.50	+0.1	10.30	19.00	14.37	3	14.50	14.50
KKGBb2	-9.40	-9.40	-9.40	-34.8	-9.40	26.21	363.69	2	-9.40	28.04
KKGBb4	9.50	9.50	9.50	-4.2	9.00	13.73	122.65	1	9.50	11.00
KKGBb5	6.47	6.47	6.47		6.47	7.74	788.11	1	6.47	6.47
KZNHb2	14.00	15.00	14.00		11.50	16.00	247.20	2	14.00	15.00
ORNKb1	18.00	23.60	20.00	-3.4	11.00	29.00	96.97	6	18.00	23.60
RESCb1	16.00	16.00	16.00	0	14.31	16.00	1.53	1	16.00	16.00
RGBRb4	6.31	6.31	6.31	-8.7	6.31	15.50	1,310.03	1	6.31	11.00
RGBRb6	13.78	13.78	13.78		9.00	14.00	2,968.07	1	9.00	13.78
TSBNb5	14.00	20.00	20.00		10.00	20.00	99.67	2	14.00	20.00
TXBNb2	14.00	14.50	14.50		10.00	14.50	295.84	3	14.00	14.50
<b>26</b>							<b>19,511.87</b>	<b>74</b>		

Notes: Trends are given in percentage points (1pp = 100 basis points) relative to the last deal of the previous month (July 13 – August 13, 2008). If deals were not made in the previous month the trend is not calculated. Full list of issuers symbols is available at [http://www.kase.kz/instruments/nzb\\_code.htm](http://www.kase.kz/instruments/nzb_code.htm).

In the **Debt certificates sector on STF RFCA** no deals were made. In the previous period 1 deal with 37 certificates on shares BMG749471212 (aBM\_RECHe1) of Renaissance Capital Holdings Limited (Hamilton, Bermudas) on total amount \$100.0 th. or KZT12.0 m. was made.

## GOVERNMENT SECURITIES (GS) SECTOR

### Primary market sector

**August 20** specialized trades on offering **government mid-term treasury obligations of the Ministry of Finance of the Republic of Kazakhstan MEOKAM-36 of 66<sup>th</sup> issue** (KZK2KY030668, MOM036\_0066; KZT1 000, 20.08.08 – 20.08.11, semiannual coupon) were held in the trading system, on which the Ministry of Finance planned to borrow KZT9.0 bn. **The rate of coupon** was the subject of the trade. 14 primary dealers, which were KASE category "K" members participated in the trades. Through these subjects, investors submitted 33 bids (26 limited and 7 market), which until the bids' confirmation time expired 31 orders had left active (24 limited and 7 market). Total volume of active bids (volume of demand) made KZT24,623.0 m. and exceeded the suggested volume 2.7 times. The rate of coupon in limited active orders, varied from 8.00 % APR to 11.00 % APR, making in average weighted expression 8.69 % APR. In the total volume of active bids subjects of pension market covered 4.5 %, second tier banks (STB) covered 56.4 %, clients of STB – 23.3 %, brokerage and dealers organizations – 15.8 %. **By results of trade**, the issuer made cut off price at coupon value **8.50 % APR** and satisfied bids on purchasing of **9,000,000 bonds** on sum **KZT9.0 bn.**, having placed all planned volume of bonds. By results of offering, 9.9 % from the entire volume of offered bonds were purchased by one of the pension market subjects, 35.6 % - STB, 33.4 – STB clients, 21.1 % - brokerage and dealers organizations.

### Secondary market sector (purchase - sale)

In the analyzed period total volume of 20 deals made on KASE made KZT7, 878.7 m. (\$65.6 m.). In the previous period (August 7 – 13, 2008) the given indicator was equal to KZT7,207.2 m. or \$60.0 th. with 28 deals. Stake of exchange's turnover in total volume of Kazakhstan GS secondary market on comparative operations of purchase and sale in the analyzed period made 56.3 %.

#### Parameters of Exchange's transactions in GS within August 14 – 20, 2008

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, m. tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discount (KZT): notes of National Bank					47.7 % (10.2%) of purchase and sale sector's turnover	
64 – 91	6.15	6.15	6.15	6.15	3,755.7	2
Total					<b>3,755.7 (731.7)</b>	<b>2 (2)</b>
Coupon (KZT): MEUKAM, MUIKAM, MEUJKAM					52.3 % (89.8 %) of purchase and sale sector's turnover	
less than 730	9.00	9.00	9.00	9.00 (8.56)	13.4	1
1461 - 1825	14.50	14.50	14.50	14.50	204.4	1
1826 - 2190	15.80	17.66	17.66	16.40 (13.01)	1,840.2	8
more than 2191	6.20	19.96	19.81	16.66 (16.67)	2,065.1	8
Total					<b>4,123.0 (6,475.5)</b>	<b>18 (26)</b>
<b>GRANDTOTAL</b>					<b>7,878.7 (7,207.2)</b>	<b>20 (28)</b>

## KASE MEMBERS

By the decision of the Board of KASE of August 19, 2008 the KASE Council decision of July 31, 2008 on admission of **Finance company REAL-INVEST.kz** (Almaty) to KASE category "B" members has become void. This decision of the KASE Board has been made in accordance with item 21 of KASE internal document "Regulations on Membership" due to default of Finance company REAL-INVEST.kz on payment of admission membership fee two weeks after receipt of notification on admission to KASE members in this category.

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