

## WEEK OF STOCK MARKET OF KAZAKHSTAN

July 11-15, 2011

	Index KASE	USDKZT	TONIA	TWINA	KazPrime
08.07.2011	1,572.52	145.43	0.10	0.25	1.73
11.07.2011	1,553.66	145.62	0.12	0.30	1.63
12.07.2011	1,538.39	146.14	0.16	0.30	1.63
13.07.2011	1,553.24	146.13	0.22	0.30	1.63
14.07.2011	1,547.39	146.18	0.18	0.31	1.63
15.07.2011	1,544.58	146.03	0.13	0.26	1.63
Trend	-27.94	0.60	0.02	0.01	-0.10
%	-1.8	+0.4	+23.7	+5.3	-5.8

### MAIN NEWS OF KAZAKHSTANI STOCK MARKET

**July 11 it was announced that credit rating agency "KzRating" awarded JSC "Nurbank" (Almaty) with credit rating BB-, outlook "Steady".** According to the agency, the rating is based on transparent ownership structure, high level of support the main shareholder, the low level depending on the external funding, a lack of cross-border risks. Constraining factors include: elevated concentrations of commitments to customers, high level of delinquency on the credit portfolio, the high political risk.

**July 11 JSC "ATF Bank" (Almaty) informed that the Bank has concluded with JSC "Almaty International Airport" a deal to refinance existing debt at JSC "Kazkommertsbank" worth U.S. \$ 73 million for a period of 60 months.** As a co-borrower acted LLP "Almaty Catering Services".

**July 11, Prime Minister of Kazakhstan Karim Masimov said that Kazakhstan's GDP growth in the first half of 2011 was 7.1%.**

**July 11 Committee for the Control and Supervision of Financial Market and Financial Institutions of the National Bank of Kazakhstan reported that the JSC "Accumulation Pension Fund "AMANAT KAZAKHSTAN" and JSC "Eurasian Accumulative Pension Fund" have been granted permission for voluntary reorganization** by merger of JSC "Accumulation Pension Fund" AMANAT KAZAKHSTAN "for JSC "Eurasian Accumulative Pension Fund".

**July 11 Committee for the Control and Supervision of Financial Market and Financial Institutions of the National Bank of Kazakhstan reported that the JSC "Central Asian Power and Energy Company" and its major shareholders Amirkhanov A., Klebanov A, and Kahn J. S. were granted consent to acquire a status of big shareholder of JSC "Eurasian Accumulative Pension Fund".**

**July 12 JSC "Danabank" (Almaty) informed that the bank changed its name** and is now officially called JSC "Subsidiary bank of "Punjab National Bank"- Kazakhstan", abbreviated JCS SB PNB-Kazakhstan. The decision to rename was made December 15, 2010 at General Meeting of shareholders of Danabank due to the fact that India's strategic investor in the face of Punjab National Bank acquired a controlling stake of JSC "Danabank".

**July 12 JSC "Kazinkombank" reported that the National Bank of Kazakhstan issued Farid Lyuhudzyaev with agreement to acquire a status of big shareholder of JSC "Kazakhstan Innovation Commercial Bank".** As indicated, F. Lyuhudzyaev is a head of group of industrial companies and mining companies, SBS Group. Since November 2010 he has served as Chairman of the Board of Directors of "Kazinkombank".

**July 12 Fitch Ratings affirmed the following ratings of "Exploration Production "KazMunaiGas"("KMG EP"):** Long-term Issuer Default ratings ("IDRs") to foreign and local currency ratings at "BBB-" and short-term foreign currency IDR "F3". According to the methodology of Fitch "The relationship between ratings of mother and daughter companies", the agency rated KMG EP as an independent company and believes that both positive and negative aspects of support from the parent structure is an integral part of the business and financial profile of KMG EP. At the same time KMG EP is limited to ratings of the majority shareholder, the National Company KazMunaiGas ("NC KMG", "BBB-" / forecast "Stable"), with the increasing communication between parent and subsidiary structures. This is evidenced by the acquisition of KMG bonds worth 221 5 billion tenge (\$ 1.5 billion), which were issued by NC KMG in 2010, to support the liquidity of the parent structure. It was noted that the ratings reflect KMG EP's strong financial results of the issuer in comparison with comparable oil and gas companies, as seen EBITDAR margin for 2010 at 51.2% and an adjusted leverage of FFO (funds from operations) (with recourse) to 0.03 x. Fitch expects the company will maintain good financial performance in 2011-2012, which will contribute to better performance of the oil industry. A positive factor for KMG EP is the low absolute level of debt with recourse (not including non-recourse debt associated with PetroKazakhstan), which amounted to 8.1 billion tenge (55.3 million) to end of 2010.

**July 13 JSC "Eurasian Bank" (Almaty) has announced the results of its operations for the first half of 2011.** The dynamics of the Profit and Loss Account for the I-st half of 2011 compared to same period of 2010: Net interest income increased by 177%, operating income before provisions increased by 83.4%, the cost-to-income ratio at 22.2% Net interest margin (NIM) increased by 176.5%; net income (profit) amounted to 2.270 bln compared to a loss of 1.266 bln in the first half of 2010, the volume of loans "ProstoKredit" in the first half 2011 exceeded the entire 2010, the number of new customers increased by 96.8% during the past season, resulting in the intervening period, the interest income as a percentage of accrued interest income amounted to 95.4%.

**July 11 JSC "Alliance Bank" (Almaty) informed that the Bank based on the results of the first half of 2011 has undistributed net income of 990 million tenge** - according to unaudited, unconsolidated accounts (KAS), provided in the Financial Supervision Committee of the National Bank of Kazakhstan. According to the results for the first quarter of 2011 (on April 1, 2011), the Bank had a loss of 1,584 million tenge. According to its activity in 2010 (on January 1, 2011), "Alliance Bank" has undistributed net income, subject to final turnover of 318,826 million tenge. Profit for the year 2010 was mainly due to debt restructuring.

### **Stock exchange market**

During the study period at KASE on the secondary market sale 112 deals were concluded

	current week	change for	
		1 week	2 weeks
Average daily volume. USD th.	272.2	-16.1%	16.0 times
Average daily volume. KZT m.	39.7	-15.9%	16.0 times
Stake of nego deals. number (%)	0	0	0
Stake of nego deals. volume (%)	0	0	0
KASE members	27	+3.8%	-18.2%
Number of shares denominations*	15	+7.1%	-6.3%
Stake of pension funds. gross (%)	0	0	0
on purchase	4.8	+4.8 pp	+4.2
on sale	0	0	0
Stake of individuals. gross (%)	82.7	+12.5 pp	+61.3 pp
on purchase	73.2	+13.4 pp	+68.2 pp
on sale	92.3	+11.63 pp	+54.4 pp
Stake of nonresidents. gross (%)	0	0	-6.3 pp
on purchase	0	0	-0.7 pp
on sale	4.3	+4.3 pp	-7.6 pp

*\*on which the deals on KASE have been conducted*

In the described period falling average daily prices were detected for of eight equities, growth showed 3 tools involved in the transaction, price of 4 tools has not changed. Adverse change in shares prices was in the range of 1.80% (CCBN) to 5.41% (KKGB), positive - from 0.01% (SATC) to 2.72% (GB\_ENRC).

During this period, there was a decline on the markets. Last week the KASE index sank 1.8% to 1,544.6 basis points.

The most significant decline demonstrated quotations ordinary shares of "EP "KMG" (-3.1%). Rather, the negative dynamics of quotations of the shares associated with a reduction of production capacities of EP KMG by 3% in the I half of 2011. The pressure was also put by the fall in oil prices in international commodity markets.

The banking sector also ended the week at the "red zone". Quotes of ordinary shares of JSC "Kazkommertsbank" and JSC "Bank CenterCredit" lost 5.4% and 1.8% respectively. Ordinary shares of JSC "Kazkommertsbank" could not overcome the negative on European exchanges.

Investor confidence in the international commodities market is that prices for base metals will remain at previous levels, supporting stock prices Kazakhmys and ENRC. Last week shares in Kazakhmys rose 1.4%, ENRC shares at 3.3%

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

**Results of share trades on KASE, including STF of RFCA within July 11 – 15, 2011, only by data on deals made on the secondary market of KASE by the methods of opened trades):**

Share code on KASE	Last deal:				Price, KZT per share:		Volume of deals Th. USD	Num. of deals	Demand	Best for The period: Supply,
	min	max	price	trend,%	for last 365 days:					
					min	max				
BSUL	630.00	630.00	630.00	0	620.00	658.05	27.4	1	630.00	630.00
BTAS	2.00	2.30	2.20	-4.3	1.80	549.00	2.4	8	2.30	2.00
CCBN	490.00	500.00	490.00	-1.8	487.01	670.00	19.2	2	500.00	490.00
EXBNp	1210.00	1210.00	1210.00	0	1210.00	1300.00	0.4	1	1210.00	1210.00
GB_ENRC	1849.00	1926.00	1926.00	+2.7	1755.00	2600.00	16.4	7	1926.00	1849.00
GB_KZMS	3001.00	3200.00	3200.00	-3.0	2241.00	3800.00	56.8	11	3200.00	3001.00
HSBK	318.00	329.00	325.00	-2.1	300.00	445.00	42.6	10	329.00	318.00
KKGB	385.00	405.00	385.00	-5.4	356.00	616.00	96.5	10	404.00	385.00
KZTK	19600.00	19780.00	19600.00	0	13500.00	20850.00	43.5	7	19780.00	19600.00
KZTKp	9210.00	9210.00	9210.00	+0.1	6300.00	9990.00	18.9	1	9210.00	9210.00
RDGZ	17000.00	17600.00	17050.01	-3.1	15155.01	21000.00	75.4	7	17300.01	17000.00
RDGZp	16865.00	17600.00	17000.00	-4.0	13805.00	20510.00	843.2	44	17350.00	16865.00
SATC	71.08	71.08	71.08	+0.01	70.87	72.00	94.5	1	71.08	71.08
TEBN	5.00	5.00	5.00		5.00	500.00	3.4	1	5.00	4.00
ZERDp	5.40	5.40	5.40		4.60	5.72	20.5	1	5.40	5.40
<b>15</b>							<b>1,360.9</b>	<b>112</b>		

**Notes:** Trends are given relative to the last deal of the previous 30 days period (June 11 – July 11, 2011). 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 29 deals were made.

	current week	Change for	
		1 week	2 weeks
Average daily volume. USD th.	11,035.4	2.1 times	+28.5%
Average daily volume. KZT m.	1,612.3	2.1 times	+28.5%
Stake of nego deals. number (%)	0	0	0
Stake of nego deals. volume (%)	0	0	0
KASE members	27	+3.8%	+4.0%
Number of bonds denominations*	16	-23.8%	-30.4%
Stake of pension funds. gross (%)	14	+14.3 pp	-16.7 pp
on purchase	19	+19.2 pp	-27.9 pp
on sale	9	+9.5 pp	-5.6 pp
Stake of individuals. gross (%)	0.8	-16.9 pp	-16.8 pp
on purchase	0.4	-1.8 pp	-16.3 pp
on sale	1.3	-32.1 pp	-17.2 pp
Stake of nonresidents. gross (%)	30.2	+13.6 pp	+25.6 pp
on purchase	42.8	+20.7 pp	+41.7 pp
on sale	17.5	+6.6 pp	+9.5 pp

\* on which deals were made at KASE

Following the period growth of average net prices on the open market characterized bonds of 11 titles, falling - 4, an instrument was traded for the first time. Yield to maturity of deals rose in the week for 9 bonds, declined - for 6 ones. Positive change in bond yield to maturity was in the range of 0.00001% (KZIKb21) to 2.99% (BTAlb3), negative - from 0.00002% (TEBNb6) to 1.53% (KKGBe5).

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 July 11– 15, 2011 (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:						Amount Of deaks, Th. USD	Number Of deals	demand	best for the period: supply,
	on the last deal:		for last, 365 days,:							
	min.	max.	yield	min.	min,	max,				
ATFBb6	7.50	9.00	9.00	-0.001	6.70	10.12	7,000.0	5	7.50	9.00
BTAlb3	12.00	12.00	12.00	+3.0	9.00	79.07	44.4	1	14.02	12.00
CCBNb15	8.21	8.21	8.21		8.11	10.00	1,461.9	1	8.21	8.25
EUBNb9	8.00	8.00	8.00	>+0.00001	8.00	11.00	1,659.5	1	8.00	8.00
HSBKe3	6.62	6.62	6.62	-0.2	6.30	7.14	1,044.3	1	6.62	6.62
KKGBe4	8.49	8.49	8.49	-0.5	7.14	10.08	10,207.8	1	8.49	8.49
KKGBe5	8.49	8.49	8.49		8.49	10.02	10,062.2	1	8.49	8.49
KMGZe5	-0.65	-0.65	-0.65		-0.65	-0.65	5,340.0	1	5.68	5.68
KZIKb17	11.25	11.25	11.25		10.00	15.75	134.4	1	11.25	11.25
KZIKb21	8.00	8.00	8.00	+0.00001	8.00	8.00	20.8	1	8.00	8.03
NRBNb5	13.00	13.00	13.00		12.00	13.00	1,678.4	1	13.00	13.00
NRBNe2	8.28	8.28	8.28		8.05	9.31	692.0	1	8.28	8.28
ORDKb2	12.00	12.00	12.00	+0.00002	12.00	16.02	8.2	2	12.00	12.10
RGBRb4	10.00	10.00	10.00	-0.001	6.00	15.00	2.1	3	10.00	10.00
TEBNb6	12.50	12.50	12.50	-0.00002	12.00	23.10	2.5	1	12.50	12.50
TSBNb8	9.00	10.00	10.00		9.00	12.00	15,818.5	7	9.00	10.00
<b>16</b>							<b>55,177.1</b>	<b>29</b>		

**Notes:** Trends are given relative to the last deal of the previous 30 days period (June 11 – July 11, 2011). If deals were not made in the previous month the trend is not calculated.

## GOVERNMENT SECURITIES (GS) SECTOR

### Primary market sector

July 13 trade system of KASE held specialized auction on placement of short-term treasury bills of the Ministry of Finance of the Republic of Kazakhstan MEOKAM-60 Release 39 (KZK2KY050393, MOM060\_0039, 1000 KZT, 13.7.11, 13.7.16), on which the Ministry of Finance planned to borrow 11,000.0 million tenge. Subject of bargaining is the coupon rate. The auction was attended by 21 primary dealers, which are members of KASE category "K". Through these subjects, investors filed 51 applications, of which the expiration time applications were active 48 orders. Total volume of active bids (demand volume) amounted to 39,270.0 million tenge and exceeded the suggested volume of 3.6 times. Coupon in active bids varied from 3.00% to 6.00% per annum, in average terms, 4.2415% per annum. As a result of trade, the issuer granted the application to purchase 11 million of bonds worth 11,000,000,000.00 (100% of planned volume of placement) at 3.80% per annum.

### Secondary market sector

During the study period, the total volume of deals, concluded on KASE totaled 3,169.2 million tenge (\$ 21.7 million). In the previous period (04 - 08 July 2011) the figure was 2,365.4 million tenge (\$ 16.2 million), with 4 transactions. Share exchange turnover in the overall volume of Kazakhstan secondary market for government securities of comparable sales and purchases in the analyzed period amounted to 100.0% (previous period - 100.0%).

#### Parameters of Exchange's transactions in GS within July 11-15, 2011

Days till maturity	Yield to maturity for a buyer. % APR.			Volume.		last deal
	min	max	last deal	min	max	
<b>Coupon (KZT) MEOKAM</b>	100% (100%) of purchase and sale sector's turnover					
More than 2191	4.66	4.70	4.66	4.66	3,169.20	5
Total					3,169.2 (2,365.4)	5 (4)
<b>TOTAL</b>					3,169.2 (2,365.4)	5 (4)

## WORLD MARKETS

### Main news of the world markets

**Earlier this week, in the focus of investors was the situation with debts of Italy**, which is 120% of GDP. Reuters reported citing unnamed sources, the president of the European Union Herman Van Rompuy called an emergency meeting in Brussels to discuss the provision of second supplementary package for Greece and the situation in Italy.

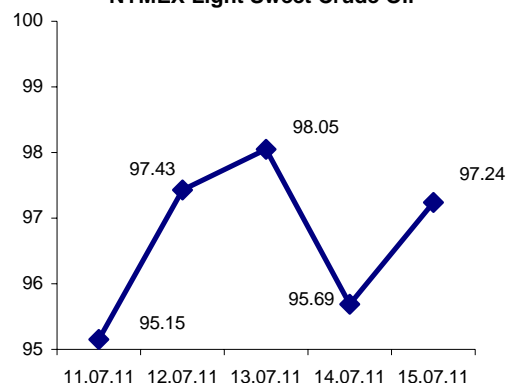
**Earlier this week, pressure was also exerted by a message from the State Bureau of Statistics of China** on the growth of consumer prices in the country in June 2011 by 6.4% year on year, which was the maximum value over the past three years. Analysts expect inflation at 6.2%. In May, inflation in China was 5.5% on an annualized basis.

**July 12 International rating agency Moody's Investors Service downgraded the ratings of Irish government bonds** by one notch - from Baa3 to Ba1, to "junk" level. The outlook is "negative". As the agency, the lowering of the sovereign rating reflects Ireland's "growing likelihood that after the current program financial support for the EU and the IMF in late 2013. Ireland will need to further stages of official support, before they can return to the private loan market", the agency stated.

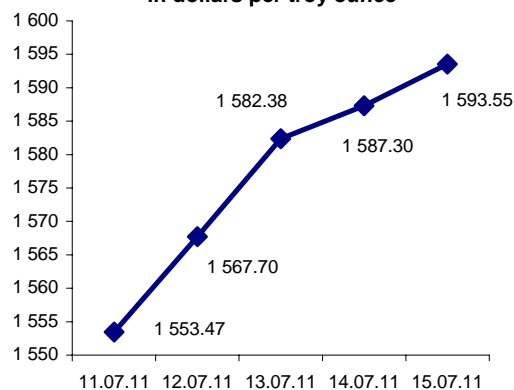
**July 13 National Bureau of Statistics of China reported that China's GDP in the second quarter of 2011 increased by 9.5% year on year.** Analysts had expected China's economy to grow by 9.4%. In the first half of 2011, GDP grew by 9.6% over the same period of 2010 to 20.446 trillion. yuan. In the first quarter GDP growth was 9.7%.

**July 13 Federal Reserve Chairman Ben Bernanke appeared before the Committee on Financial Services of the House of Representatives.** Ben Bernanke said the Fed is ready to take measures

NYMEX Light Sweet Crude Oil



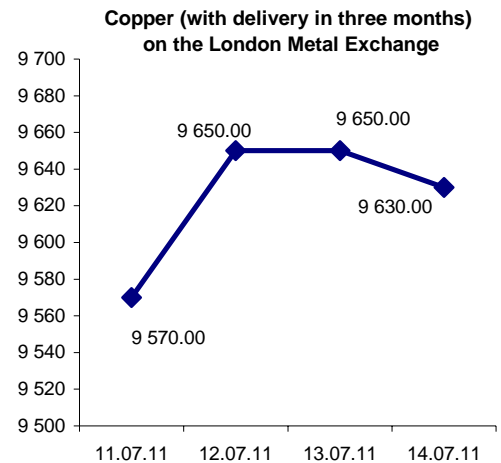
Gold prices on COMEX, in dollars per troy ounce



to further easing of monetary policy, if the economy continues to grow slowly, as well as the weakening of inflationary risks. The above statement was seen as a signal to investors the probability of a new phase of buying assets to inject liquidity into the market.

**July 13 International rating agency Moody's Investors Service warned that the credit rating of United States could be reduced**, unless Congress decides to raise the debt "ceiling" of the country. In a statement the agency said it sees "a growing possibility that the debt limit is not set to be upgraded, which will lead to default on debt obligations of the U.S. Treasury". Similar statements were made by Standard & Poor's.

**July 14 U.S. Department of Labor reported that the number of initial claims for unemployment benefits in the U.S. for week ending 09 July, decreased by 22 thousand to 405 thousand.** Analysts expected decline by only 3 thousand applications. In addition, the U.S. Department of Commerce reported that retail sales in June 2011 rose compared with May by 0.1% to \$ 387.8 billion, analysts did not predict changes in the rate.



Prepared by IRBIS Information agency of financial markets  
Tulebaev Str. 38, New building, 2nd floor; Almaty, Kazakhstan; [dm@fininfo.kz](mailto:dm@fininfo.kz). [info@fininfo.kz](mailto:info@fininfo.kz).  
Tel.: +7 (727) 321 65 55. fax: +7 (727) 321 60 11.

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