

**Update on securities market of the Republic of Kazakhstan
as of 1 January 2014**

Institutional infrastructure

The institutional infrastructure of the securities market of the Republic of Kazakhstan is presented in the following way.

	(units)				
	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014
Total number of brokers/dealers, including:	62	60	57	55	54
Banks	24	24	24	24	24
of which in category I	22	22	22	22	22
Non-banking organizations	34	33	30	29	28
of which in category I	25	24	21	21	21
RFCA participants	4	3	3	2	2
Registrars	7	-	-	-	-
Custodians	10	11	11	11	11
Investment managers of APF pension assets	13	13	13	12	11
Investment portfolio managers	33	32	30	27	27
Transfer-agents	2	2	2	2	2
Securities dealers	1	1	1	1	1
Clearing activity on financial instruments transactions in securities market	1	1	1	1	1

In 2013, one license for custodial activities was issued (SB JSC «Sberbank of Russia»). However, 11 licenses were terminated, including 7 licenses for brokerage and (or) dealer activities in the securities market (JSC "Renaissance Capital Investments Kazakhstan", JSC "ORKEN Invest", JSC «Unicorn IFC», JSC " Finservice Kazakhstan ", JSC" Troika Dialog Kazakhstan ", JSC" FATTAH FINANCE "and JSC "Pension Fund "State Pension Fund"), 4 licenses for investment portfolio management (JSC "IFG CONTINENT", JSC «Unicorn IFC», JSC «Troika Dialog Kazakhstan" and JSC "FATTAH FINANCE). Also in 2012 one organization conducting broker-dealer activities in the securities market with the right to handle client accounts as a nominal holder was deprived of the license (JSC" Greenwich Capital Management "(" Greenwich Capital Management ")).

In accordance with the Law of the Republic of Kazakhstan "On amendments and additions to some legislative acts of the Republic of Kazakhstan on regulation of banking and financial institutions in terms of minimizing risks" from December 28, 2011 to January 1, 2013 (hereinafter - the Law) licenses for keeping the register of holders of the securities were terminated. Thus, according to the Law one single registrar operates on the market.

(KZT million)

	01.01.2013	01.01.2014	change, %
Total assets□, including:	104 233	88 081	-15,5
brokers/dealers (including RFCA participants)	3 128	1 516	-51,5
registrars	1 404	543	-61,3
IPM	93 330	75 643	-19,0
IMPA	6 371	10 379	62,9
Liabilities, including.:	19 956	20 539	2,9
Brokers/dealers (including RFCA participants)	530	103	-80,6
single registrar	35	95	B 2,7 paz
IPM	19 228	19 076	-0,8
IMPA	163	1 265	B 7,8 paz
Capital, including:	84 277	67 542	-19,9
brokers/dealers (including, RFCA participants)	2 598	1 413	-45,6
registrars	1 369	448	-67,3
IPM	74 102	56 567	-23,7
IMPA	6 208	9 114	46,8
Authorized capital, including:	97 811	91 316	-6,6
brokers/dealers (including, RFCA participants)	1 637	985	-39,8
single registrar	1 449	740	-48,9
IPM	85 290	80 156	-6,0
IMPA	9 435	9 435	-

In 2013 the total financial indicators of professional participants of securities market are in decline. So, for the period from January to December 2013, their total assets have decreased by 15.5 % and amounted to KZT88.1 billion, liabilities have increased by 2.9 % and amounted to KZT20.5 billion.

Issuers and financial instruments

Share issues

Data on share issues and cancellation

(units over a period of time)

	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Issues registered	14	7	13	6	8
Reports on outcomes of share issues and placement approved	203	162	207	221	242
Issues cancelled	20	12	20	169	116
Number of current share issues	1 913	1 909	1 902	1 738	1 628

At the reporting date the number of joint stock companies with current share issues totalled 1 628. In Q4 2013, 234 share issues were registered (including changes in the prospectus of share issues), 242 reports on outcomes of share issues and placement were approved, and 116 share issues were cancelled.

Data on registered issues of corporate bonds

(units over a period of time)

	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Number of issues	21	4	13	8	14

Volume of issues, KZT, million	534 876	14 000	159 700	134 500	423 846
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In Q4 2013, the Committee has registered 14 issues of corporate bonds to the total amount of KZT423 846 million.

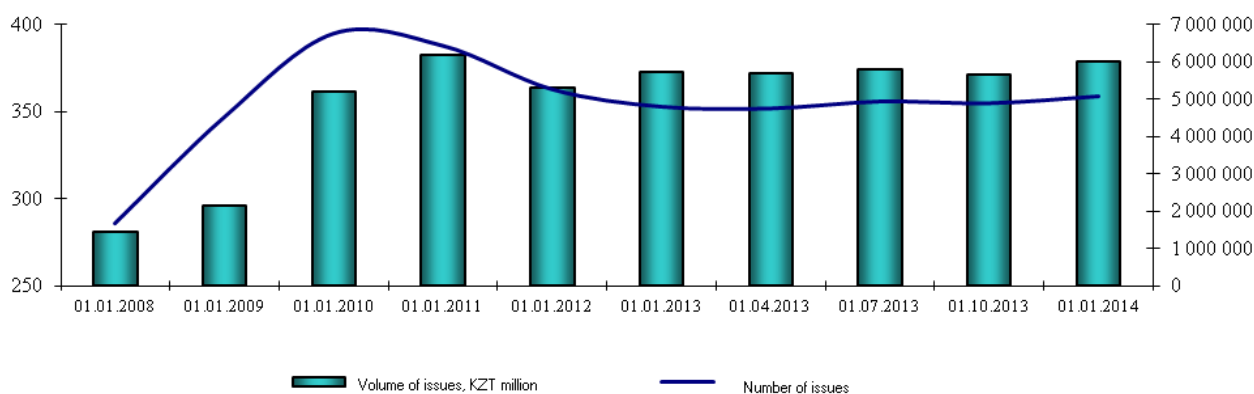
Overall for 2013, the Committee has registered 39 issues of corporate bonds to the total amount of KZT732 046 million.

Data on current corporate bonds issues

	(units)				
	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014
Number of issues	353	352	356	355	359
Volume of issues, KZT, million	5 709 953	5 706 403	5 807 003	5 659 903	6 000 564

As of 1 January 2014, the number of current bond issues equaled to 359, with a total face value of KZT6 000 564 million.

Change in number and volume of current bond issues



Data on registered unit issues

	(единиц, за период)				
	Q4 2012	Q1 2013 года	Q2 2013	Q3 2013	Q4 2013
Issues registered	3	-	-	-	1
Reports on outcomes of issue and placement approved	27	109	92	24	19
Current issues	126	113	105	96	99

As of 1 January 2014, the number of active issues of stake was 99. Herewith, 243 reports on outcomes of issue and placement were approved and 27 issues were redeemed during the period from January to December 2013.

Government securities circulating within the territory of the Republic of Kazakhstan

	(KZT million)				
	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014
Total in circulation, incl.	3 091 265	3 135 862	3 140 282	3 321 462	3 622 514

National bank's notes	186 098	101 911	44 531	16 385	3 577
Securities of the Ministry of Finance	2 905 167	3 033 951	3 095 751	3 305 078	3 618 937
Local government securities	-	-	-	-	-

At 1 January 2014 KZT-denominated government securities in circulation amounted to KZT3 622.5 billion.

Key indicators of the stock securities market*

The key indicator of the Kazakhstan stock market's condition is the organized market represented by KASE stock exchange.

As of 1 January 2014 the information on RK issuers whose securities are allowed to be traded at KASE, was as follows:

Securities allowed to be traded at KASE

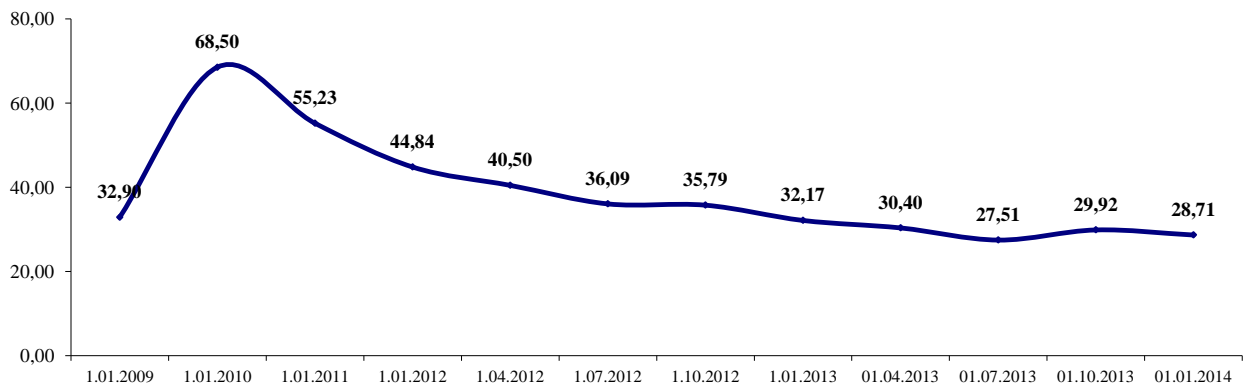
	(units)	
	number of issues	number of issuers
Sector "Shares":	102	80
Sector "Debt securities":	248	74
Sector "Investment fund securities"	1	1
Sector "Depositary receipts"	-	-
Sector "Securities of international financial organizations"	3	1
Sector "Government securities"	196	3
Sector "Derivatives"	-	-
"Alternative stock exchange"	-	-
Total:	550	134

The main weight of securities listed at KASE 45,1% falls to debt securities (248 issues). Shares and government securities constitute 18.5% (102 issues) and 35.6% (196 issues) respectively.

Total capitalization of KASE on corporate securities equaled to KZT 9 890,0 billion or 28,71% of GDP. The similar indicator as of 1 October 2013 was KZT10 260, 9 billion or 29.92% of GDP. Decrease in capitalization in absolute and relative values is due to the exclusion from the official list of shares of Eurasian Natural Resources Corporation.

* the statistics are derived from stock market information provided by the KASE.

KASE capitalization to GDP*



* in accordance with data derived from the official site of Economy and Budget Planning (KZT34443,4 billion)

The level of corporate securities transactions at KASE

(KZT million over a period of time)

	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Primary placements:	29 981	85 993	29 325	92 966
– on "Shares" sector	-	-	1 260	-
– on "Debt securities sector"	29 981	70 993	28 065	75 940
– on " Investment fund securities" sector	-	-	-	-
–on "Depositary receipts" sector	-	-	-	-
– on "Securities of international financial organizations" sector	-	15 000	-	17 026
– on "Derivatives" sector	-	-	-	-
Secondary circulation:	31 684	74 118	100 061	100 521
– on "Shares" sector	13 693	29 933	7 153	62 344
– on Debt securities" sector	16 640	40 535	91 894	38 177
– on "Investment fund securities" sector	590	837	498	-
– on Depositary receipts" sector	-	-	-	-
– on "Securities of international financial organizations" sector	-	511	516	-
– on "Derivatives" sector	761	2 302	0	-
In non-listing securities sector	122	585	1 931	528
REPO transactions:	42 126	14 741	10 841	19 358
– on "Shares" sector	36 022	11 732	9 451	7 137
– on "Debt securities" sector	6 104	3 009	1 390	12 221
– on "Investment fund securities" sector	-	-	-	-
– on "Depositary receipts" sector	-	-	-	-
– on "Securities of international financial organizations" sector	-	-	-	-
– on "Derivatives" sector	-	-	-	-
– on "non-listing securities" sector	-	-	-	-
Total	103 913	175 437	142 158	213 373

As seen from the Table, the level of corporate securities transactions increased by 50% in Q4 2013.

The level of government securities transactions at KASE

(KZT million over a period of time)

	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Level of transactions, including:	3 627 486	3 439 671	3 854 202	3 846 377
Primary placements	157 280	196 058	248 089	381 110
REPO transactions	3 413 015	3 214 196	3 588 084	3 378 498

Объем биржевых сделок по государственным ценным бумагам на организованном рынке в четвертом квартале 2014 года уменьшился на 0,2%. Объем первичных размещений вырос на 53,6 %. Доля сделок "репо" в общем объеме сделок с государственными ценными бумагами уменьшилась на 5,8%.

The level of government securities stock transactions in the organized market has decreased by 0.2% in Q4 2013. The level of primary placements has increased by 53.6%. The percentage of REPO transactions in total government securities transactions has decreased by 5.8%.

Change in capitalization at KASE

(KZT million)

Sector of official list	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014
Sector "Shares"	5 363 455	5 452 362	4 726 488	4 786 942	4 351 085
Sector "Debt securities"	4 748 730	4 925 301	4 705 506	5 474 031	5 428 673
Sector "Investment fund securities"	-	2 760	3 864	110 250	110 250
Sector "Depository receipts"	-	-	-	-	-
Sector "Securities of international financial organizations"	-	-	-	-	-
Sector "Government securities"	3 098 716	3 142 825	3 146 145	3 318 438	3 642 129
Sector "Derivatives"	-	-	-	-	-
Total	13 210 901	13 523 248	12 582 002	13 689 661	13 532 137

According to the Table above, the total market capitalization on corporate securities listed at KASE as of 1 January 2014 has increased by 2.4% vs. the same indicator as of 1 January 2013.

Securities market investors Pension assets in investment management

As of 1 January 2014, pension assets under investment management of IMPA totalled KZT3 735.9 billion, having increased by KZT547.7 billion or 17.2% in 2013.

From 1 January 2013 to 1 January 2014, the monthly average increase in pension assets totalled KZT45.6 billion

Breakdown of total pension assets

	pension assets	
	KZT million	%
GNPF, JSC	1 277 217	34,2
Pension accumulation fund of Halyk bank of Kazakhstan, JSC, Subsidiary of Halyk Bank of Kazakhstan, JSC	1 235 221	33,1
Ular Umit Pension Accumulation Fund, JSC	442 183	11,8
GRANTUM Pension Accumulation Fund, JSC (Subsidiary of Kazkommertsbank, JSC)	347 449	9,3
Astana Pension Accumulation Fund, JSC	272 620	7,3

NefteGaz-Dem Pension Accumulation Fund, JSC	161 222	4,3
Total pension assets	3 735 912	100

At 1 January 2014, total invested pension assets reached KZT3 631.1 billion, having increased by KZT501.8 billion (16 %) in 2013.

In the investment portfolio of accumulative pension funds the proportion of government securities of RK issuers constitutes 50.9% of total invested pension assets or KZT1 848.6 billion and compared to the same indicator as of 1 January 2013 it increased by KZT269.2 billion. The percentage of RK corporate securities as at 1 January 2014 was 28.6% of total invested pension assets and equaled to KZT1039.2 billion.

PAF's total investment portfolio

Financial instruments	01.01.2013		01.01.2014	
	KZT million	%	KZT million	%
RK government securities, including	1 579 388	50,5	1 848 573	50,9
Securities of the Ministry of Finance	1 535 409	49,1	1 842 980	50,8
Notes of the National Bank	38 417	1,2	0	0,0
Securities of local authorities	5 562	0,2	5 593	0,1
Corporate securities of foreign issuers	160 710	5,1	118 662	3,3
shares	21 214	0,7	12 266	0,4
bonds	139 496	4,4	106 395	2,9
Securities of international financial organizations	72 859	2,3	71 795	2,0
Government securities of foreign issuers	66 652	2,1	112 455	3,1
Refined gold	114 457	3,7	132 988	3,6
Corporate securities of RK issuers, including	810 548	25,9	1 039 177	28,6
shares	170 407	5,4	176 481	4,9
bonds, including:	640 141	20,5	862 695	23,7
denominated in foreign currency	78 908	2,5	125 180	3,3
denominated in tenge	561 233	18,0	737 515	20,3
Deposits in tier two banks	324 821	10,4	307 492	8,5
Derivatives	-58	0,0	0	0,0
Total	3 129 377	100	3 631 141	100

Deposits in tier two banks of the Republic of Kazakhstan totalled KZT307.5 billion, having decreased by 5.3% in 2013.

As at 1 January 2014, the proportion of securities whose issuers had been declared in default, constituted 0.01% of total pension assets, which in absolute terms amounted to KZT0.03 billion.

Number of investment funds

	1.10.2012	1.01.2013	1.04.2013	1.07.2013	1.10.2013	1.01.2014
Number of mutual funds, including	127	126	112	105	96	99
open-ended	11	11	11	10	10	10
closed	97	96	84	78	71	74
interval	19	19	17	17	15	15
Number of joint-stock investment funds	32	32	31	31	31	28

Number of partners of unit investment funds

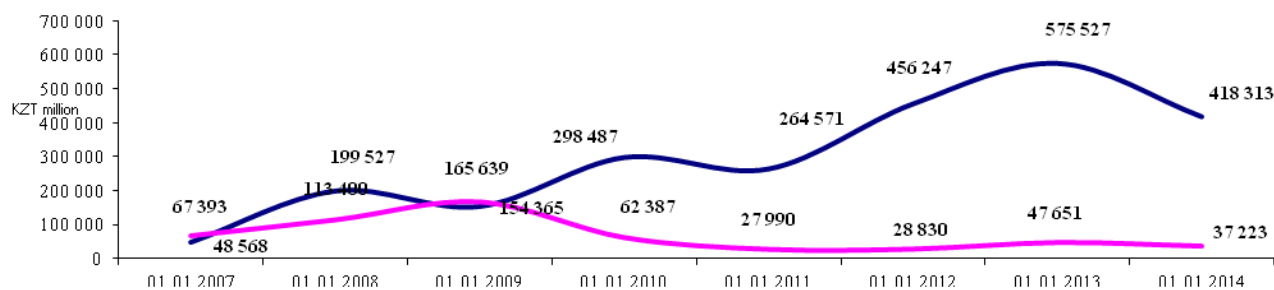
	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014
Number of partners of unit investment funds, including.	1 114	1 053	1 021	926	885
Legal entities	46	46	46	35	33
Individuals	1 068	1 007	975	891	852

Investment funds as at 1 January 2014

At 1 January 2014, total assets of mutual funds and joint-stock investment funds equaled to KZT418.3 billion and KZT37.2 billion, respectively. During 2013, the decrease in mutual funds' assets constituted 27.3%. At the same time the decrease in assets of joint-stock investment funds was 21.9%.

	(млн. тенге)				
	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014
Mutual funds	575 527	566 628	540 560	485 451	418 313
closed	573 727	564 828	538 897	484 031	417 036
open-ended interval	467	487	453	485	334
	1 333	1 313	1 210	935	943
Joint-stock investment funds	47 651	38 736	35 597	35 988	37 223

Change in assets of investment funds



Total investment portfolio of investment funds, as of 1 January 2014

Финансовые инструменты	Mutual funds		Joint-stock investment funds	
	KZT million	% of total	KZT million	% of total
RK government securities, including	4	0,0	44	0,1
RK eurobonds	-	-	-	-
securities of the Ministry of Finance	4	0,0	44	0,1
notes of the National Bank	-	-	-	-
securities of local authorities	-	-	-	-
Deposits of tier two banks	14 860	3,6	347	0,9
Securities of international financial organizations	41	0,0	-	-

Government securities of foreign issuers	-	-	-	-
Corporate securities of RK issuers, incl. shares	6 674	1,6	3 338	9,0
bonds	5 932	1,4	1 279	3,4
Corporate securities of foreign issuers, incl. shares	742	0,2	2 059	5,5
bonds	158 129	37,8	18	0,0
Units of investment funds	14 209	3,4	18	0,0
Depository receipts	143 921	34,4	-	-
Reverse repo transactions	18 998	4,5	-	-
Land plots	466	0,1	62	0,2
Buildings and structures	515	0,1	338	0,9
Real estate items under construction and renovation	-	-	876	2,4
Construction documents	-	-	11 095	29,8
Land use and subsoil use rights	-	-	-	-
Investment fund's capital investments in corporate entities which are not joint-stock companies	-	-	-	-
Derivatives	210 084	50,2	8 751	23,5
Other assets/receivables	-	-	-	-
	8 542	2,1	12 354	33,2
Total:	418 313	100	37 223	100

In total investment portfolio of mutual funds the largest proportion represents “other property” (capital investments of an investment fund in corporate entities which are not joint-stock companies, land plots, buildings and structures, real estate items under construction and renovation, construction documents, land use and subsoil use rights) 50.2 % (KZT201.1 billion), while in total investment portfolio of joint-stock investment funds “other property” accounts for 55.7% (KZT20.7 billion).

Corporate securities of RK issuers account for 1.6% of mutual funds’ total portfolio, and for 9.0% in joint-stock investment funds’ portfolio. In mutual funds’ total investment portfolio, the percentage of corporate securities of foreign issuers account for 37.8 %.

Breakdown of investment portfolio of tier two banks

Financial instruments	KZT million	% of total
RK government securities, including.:	722 244	37,4
notes of RK National Bank	3 491	0,2
securities of RK Ministry of Finance	713 685	36,9
securities of local authorities	5 068	0,3
Securities of international financial institutions	7 335	0,4
Government securities of foreign issuers	72 054	3,7
Corporate securities of RK issuers, including:	985 063	51,0
shares	38 877	2,0
bonds	946 186	49,0
Corporate securities of foreign issuers, including:	146 165	7,5
shares	2 987	0,1

bonds	143 178	7,4
Total:	1 932 861	100

In banks' portfolio the largest proportion represents corporate securities of RK issuers 51% (KZT985 063 million). RK government securities account for 37.4%. Corporate securities of foreign issuers account for 7.5% of total portfolio, government securities of foreign issuers, 3.7%.

*as at 01.12.2013

Breakdown of investment portfolio of insurance organizations at 1 January, 2014

Financial instruments	KZT million	% of total
RK government securities, incl.	71 097	17,41
- RK eurobonds	-	0,00
- securities of the Ministry of Finance	68 448	16,76
- notes of the National Bank	100	0,03
- securities of local authorities	2 549	0,62
Deposits in tier two banks	128 279	31,41
Securities of international financial organizations	8 660	2,12
Units of investment funds	200	0,05
Derivatives	190	0,05
Government securities of foreign issuers	12 107	2,96
Corporate securities of RK issuers, incl.	159 950	39,17
- shares	4 299	1,06
- bonds	155 651	38,11
Corporate securities of foreign issuers, incl.	16 989	4,16
- shares	1 823	0,45
- bonds	15 166	3,71
Reverse repo operations	10 902	2,67
Total:	408 374	100

As to the reporting date, total investment portfolio of insurance/reinsurance companies equaled to KZT408 374 million. Herewith, deposits in tier two banks account for 31.41%, corporate securities of RK issuers, 39.17%, RK government securities, 17.41%.

Breakdown of investment portfolio of professional participants of securities market as of 1 January 2014

Financial instruments	KZT million	% of total
RK government securities, incl.	2 946	6,5
RK eurobonds	-	-
securities of RK Ministry of Finance	2 909	6,4
notes of the National Bank	-	-
securities of local authorities	37	0,1
Deposits in tier two banks	3 768	8,3
Securities of international financial institutions	239	0,5
Government securities of foreign issuers	205	0,5
Corporate securities of RK issuers, incl.:	25 840	57,1
shares	8 864	19,6
bonds	16 976	37,5

Corporate securities of foreign issuers, including	8 408	18,6
shares	578	1,3
bonds	7 830	17,3
Units of investment funds	1 197	2,7
Derivatives	-	-
Reverse repo transactions	2 614	5,8
Total:	45 217	100

As of 1 January 2014, total investment portfolio of professional participants of securities market equaled to KZT45217 million. Within the portfolio the largest proportion falls to corporate securities of RK issuers: 57.1%. RK government securities constituted 6.5%, while corporate securities of foreign issuers accounted for 18.6%.