

## WEEK OF STOCK MARKET OF KAZAKHSTAN July 27 - August 02

1 US dollar = **142.70** tenge at official rate for the end of the period  
1 US dollar = **142.57** tenge at weighted average rate of the Exchange for the end of the period

### YIELD OF STOCK EXCHANGE INSTRUMENTS

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted at Kazakhstan stock exchange (KASE) during July 27 through August 02. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
ALKSb	USD	15.22 (15.24)	0 (0)	0 (0)
MEKKAM, notes	KZT	*7.77 (12.11)	3,057.1 (973.7)	21,432.1 (6,822.9)
KOMBb	USD	13.50 (13.66)	0 (0)	0 (0)
GS repos	KZT	*6.86 (5.32)	6,990.1 (2,310.6)	49,005.1 (16,191.0)
HSBKb	USD	12.74 (12.14)	50.2 (0)	351.7 (0)
KZOLb	USD	11.75 (11.40)	18.6 (78.8)	130.1 (551.9)
TMJLb	USD	11.30 (11.41)	71.1 (75.1)	498.2 (525.8)
KKGBb	USD	10.23 (10.23)	0 (0)	0 (0)
Euronotes-4	USD	10.06 (10.18)	636.3 (292.8)	4,461.0 (2,051.6)
Euronotes-2	USD	9.83 (9.88)	38.7 (17.2)	271.0 (120.2)
Euronotes-3	USD	9.81 (9.94)	573.8 (91.7)	4,023.0 (642.8)
Securities repos	USD	*8.50 (11.50)	76.6 (20.0)	536.9 (140.2)
MEKAVM	USD	*4.54 (9.25)	177.8 (174.4)	1,246.2 (1,122.0)

**Notes:** yield of HSBKb, KZOLb, TMJLb is calculated as average of the deals; for ALKSb, KKGBb, KOMBb – as average of offer quotations.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **negative 6.56% APR** (tenge revalued against the dollar).

The yields, shown here, do not incorporate overhead expenses that are inevitable when conducting operations and fixing profits (commission and tax collections, membership fees etc). Marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them.

### INDICATORS OF INTERBANK DEPOSIT MARKET

**From August 01, 2000** KASE began the regular publication of indicators of interbank deposit market.

As it had been informed before, on July 11, 2000, professional participants of the Kazakhstani financial market, such as major banks, made a decision to create a generally accepted indicator of interbank deposit market in Kazakhstan, which could be the Kazakhstani analogue of LIBOR based on its computation method. For this purpose **Memorandum on creation of interbank deposit market indicator** (Memorandum) was developed.

**Following banks have been already determined and joined** the Memorandum: Bank TuranAlem OJSC, CITIBANK KAZAKHSTAN CJSC, Halyk Bank of Kazakhstan OJSC, Bank CenterCredit OJSC, Subsidiary bank ABN AMRO Bank Kazakhstan CJSC, KAZKOMMERTSBANK OJSC, Almaty merchant bank CJSC, Demir Kazakhstan Bank OJSC, Eurasian bank CJSC, TEMIRBANK OJSC.

The participants of the Memorandum commissioned Kazakhstan stock exchange (KASE) with collection of the deposit rates from the participants of the project and computation of the indicator and beginning from July 24 the participants of the project will begin to put out deposit quotations in the trade system of KASE in a test mode. In July the testing has been completed. From August 1 the indicator is to be calculated regularly.

While the participants regularly quote interbank deposits in tenge by term for 1 week (KASE code – KZT007D), for 2 weeks (KZT014D), for 1 month (KZT030D), for 2 months (KZT060D) and for 3 month (KZT090D). The process of putting out the quotations and the computation method of the indicators are regulated by internal document of KASE "Interbank deposit market indicator creation method" (Method). The information about indicators is publish on web-site of KASE and by agency REUTERS.

**Indicators of Kazakhstan interbank deposit market  
as of august 8, 4:00 pm ALT**

in % APR

KASE code	Term	Currency	KIBOR		KIBID		KIMEAN	
			rate	trend	rate	trend	rate	trend
KZT007D	1 week	KZT	<b>6.75</b>	-0.08	<b>3.68</b>	-0.32	<b>5.21</b>	-0.21
KZT014D	2 weeks	KZT	<b>7.64</b>	+0.06	<b>4.32</b>	-0.18	<b>5.98</b>	-0.06
KZT030D	1 month	KZT	<b>8.96</b>	+0.05	<b>5.54</b>	-0.26	<b>7.25</b>	-0.10
KZT060D	2 months	KZT	<b>10.36</b>	+0.32	<b>6.25</b>	-0.29	<b>8.30</b>	+0.01
KZT090D	3 months	KZT	<b>11.40</b>	+0.12	<b>7.32</b>	+0.15	<b>9.36</b>	+0.14

**KIBOR** – average value at placing rates; **KIBID** – average value at offering rates; **KIMEAN** – average value between placing and offering rates. Trend shows the indicator's change relative to the previous day. Minimal volume of quotations is KZT15 mln. Quotations are indicative meaning that participants do not have to conclude deals at given terms.

## THE SECURITIES SECTOR (SS)

### For this week

During observed period 13 deals amounting to **\$1,461.7 th.** were made in **purchase and sale sector** of the securities on trade floors of Kazakhstan stock exchange (KASE). Relative to previous period (\$1,079.7 th., 20 deals) weekly turnover of the sector increased 35.4%.

In terms of volume of deals **discounted bonds of Kazakhstan Temir Joly RGP** (Astana, official list of securities, category "A", TMJLb) were the leaders of the week, with their proportion in weekly turnover reaching 34.1%. Last week coupon bonds of **NOC KAZAKHOIL CJSC** (Astana, official list of securities, category "A", KZOLb) were the leaders in terms of turnover.

The price of BTAS, in comparison with the previous resulting trade increased by 6.3%, VTBNp - by 3.4%, KZZN – by 4.8%, prices of CHPV и CHPVp did not changed. Yield of HSBKb decreased from 12.78 to 12.74%; KZOLb – from 11.41 to 11.34%; TMJLb – from 11.50 to 11.30%. In opinion of the IRBIS analysts, decrease of the corporative bonds yield was caused by the ending of their primary distribution phase and beginning of the phase of redistribution on the secondary market. At it the sellers try to fix income by increasing the prices.

Data on the deals, bid and offer information, as well as description of trade codes are given in the tables.

### Results of the trades in shares from July 27 - August 02

USD per share, unless otherwise specified

Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
Almaty Kus OJSC	ALKS			0	0.15	0.31
Bayan Hotel CJSC	BNOT	8.51	*8.51	1	*8.51	*8.51
Bank TuranAlem OJSC	BTAS	82.67	82.67	4,200	82.67	82.67
Bank CenterCredit OJSC	CCBN	0.98		0	0.98	1.42
"SHYMKENTPIVO" CJSC	CHPV	3.50	*3.50	10,115	*3.50	*3.50
"SHYMKENTPIVO" CJSC	CHPVp	3.50	*3.50	1,855	*3.50	*3.50
Halyk Bank of Kazakhstan OJSC	HSBK	0.91		0	0.91	1.82
KAZKOMMERTSBANK OJSC	KKGB	0.70		0	0.25	0.50
Kazakhtelecom	KZTK	15.00		0	12.00	18.00
Kazakhtelecom	KZTKp	10.00		0	6.00	8.50
Kazzinc OJSC	KZZN	4.60	*4.60	4,900	*4.60	*4.60
SHNOS OJSC	SYRG	1.63		0	1.30	
Temirbank OJSC	TEBN	7.39		0	0.70	7.36
UKTMK OJSC	UTMK	50.00		0	5.00	145.00
UKTMK OJSC	UTMKp	35.00		0	5.00	
"VALUT-TRANSIT BANK" OJSC	VTBNp	2.17	2.17	32,259	2.17	2.17

### Results of the trades in bonds from July 27 - August 02

yield for the buyer in % APR till maturity, unless otherwise specified

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb	USD	15.50		0.00	16.06	15.23
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	12.74	12.74	351.68	12.42	12.74
KAZKOMMERTSBANK OJSC	KKGBb	USD	12.76		0.00	12.87	10.23
Komirbank OJSC	KOMBb	USD	14.50		0.00	19.35	13.50
NOC Kazakhoil CJSC	KZOLb	USD	11.34	11.75	130.07	11.20	11.76
Kazakhstan temir joly RGP	TMJLb	USD	11.30	11.30	498.23	11.20	11.30

**Notes:** bid and offer prices are given for the period; if no deals were made during reporting period (volume =0), the last price of successful trades will be given; marked by a star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals.

**In securities repo sector** 1 deal was made during analyzed week, which was opening of 21 days repo with coupon bonds of Halyk Bank of Kazakhstan OJSC for \$538,718.30 at **8.50% APR** in terms of dollars.

At the end of analyzed period **six** indexed securities repos were opened for a total of **\$2,086.4 th.** on the trade floor of the Exchange. As an object of repo were used: the common shares of Bank CenterCredit OJSC and the common shares and the bonds of Halyk Bank of Kazakhstan OJSC.

**For August 02, 2000** total capitalization of the stock market for the securities of Kazakhstan equaled **\$1,335.5 mln** or KZT190.4 bln at tenge to dollar rate of the Exchange, effective on that date. \$20.3 mln increase in capitalization relative to the last day of previous period was caused by the price growth of practically all traded during the week shares (see above), and also by a changes in list of securities (see below).

## In July

In July of year 2000 **94 deals** for a total of **\$21,890.1 th.** were registered in securities at Kazakhstan Stock Exchange (KASE).

**At the primary market**, 11 deals were made within the frame of Kazakhstan Temir Zholy NSE coupon bonds floatation, which was held between July 10 and 12. Total amount of deals is \$13,503.2 th. or 61.7% of all KASE deals in securities during the month.

**At the purchase and sale sector (secondary market)**, 78 deals involving 19 instruments were concluded on the sum of \$8,190.1 th. or 37.4% of the turnover. Again, the most liquid securities were coupon bonds of Kazakhstan Temir Zholy NSE that took 56.1% of the total sector turnover. The second leader is NNK KAZAKHOIL CJSC bonds (Astana, KZ72LAG56A20, official list of KASE securities, category "A", trade code - KZOLb) - 12.5% of the turnover. 18 out of 78 concluded deals, were made by the brokers in Quotation system of KASE which excludes automatic satisfaction of the bids in counter auction mode (so-called direct deals made by the operators upon their agreement, not as a result of the trades on the market). Remaining 60 deals were made in the main mode of the Trade system of KASE by counter auction mode.

**In the securities repo sector**, 5 deals were concluded in amount of \$196.9 th. including 2 opening (\$147.2 th.) and 3 closing (\$49.7 th.) deals. The deals were made with ordinary inscribed shares of Halyk Bank Kazakhstan OJSC, BankCenterCredit OJSC and preference shares of Kazakhstancaspiishelf JSC.

Twenty sessions out of 21 conducted were successful.

**Compared to previous month**, in the sector of primary floatation registered 16.5 times increase in volume of deals, volume of the purchase-sale sector deals decreased by 5.6%, repo sector grew up 11.1 times. The resulting growth in July in the securities trade sector of KASE is positive ( \$12,376.6 th.). Total number of deals increased by 130.1%. As it was stated above, the growth was mainly caused by introduction of bonds of two biggest Kazakh companies - Kazakhstan Temir Zholy NSE and NNK KAZAKHOIL CJSC.

## Volumes of deals with securities at KASE in year 2000

thousand US dollars

Month	Sector of the securities exchange market			Total
	Primary	Secondary	Repo	
January		21,410.1		21,410.1
February	464.8	963.8		1,428.6
March		2,284.3	385.7	2,670.0
April	338.4	840.9	1,057.7	2,237.1
May	3.9	1,633.3	9.1	1,646.3
June	818.5	8,677.2	17.8	9,513.5
July	13,503.2	8,190.1	196.9	21,890.1
<b>TOTAL</b>	<b>15,128.8</b>	<b>43,999.7</b>	<b>1,667.1</b>	<b>60,795.6</b>

Information: In 1999 the volume of securities operations at KASE were equal to \$21,603.2 th.

**In the end of July capitalisation of the Exchange market** for corporate securities of Kazakhstan was estimated at **\$1,329.7 mln**, or **KZT189,756.1 mln** at KZT/USD rate at KASE, effective on July 31. At the beginning of July 2000 corresponding figure was \$1,513.5 mln, or KZT216,220.3 mln. Within a month capitalisation fell by \$183.9 mln, or 12.2%. Change in the capitalisation in July was mainly caused by a decrease in market values of the following securities: ordinary shares of BankCenterCredit OJSC – by 30.0%; ordinary shares of Kazakhtelecom – by 47.2%; ordinary shares of Kazzinc OJSC KZZN – by 14.7%; preferred shares of Mangistaumunaigas OJSC – 2 times. The second reason of capitalisation decrease is dismissal of Zhyluenergiya OJSC shares from the "Non-listing securities" sector (market capitalisation at the moment of dismissal - \$840.0 th).

At the same time, the decrease was partly compensated by admission of KASKOR-TRANSSERVICE OJSC and SHYMKENTPIVO CJSC ordinary and preference shares into trade lists of KASE. The growth was also caused by raise in prices of preferred shares of Kazakhtelecom – 3.3 times and preferred shares of VALUT-TRANSIT BANK – by 16.1%.

As of the end of July (corresponding figures for June, 2000 are given in parentheses) **in trade lists of KASE** there were: 69 (67) securities of 49 (48) issuers.

The agency IRBIS draws the attention to the fact, that due to the narrowness of Kazakhstan securities market, these given dynamics of the share prices do not reflect the results of financial and economic activities of their issuers and was influenced by exclusively local conjuncture.

### List of securities

On the basis of the application of one of the KASE member, the coupon bonds of Renata LLP (KZ2C3AJK6A19, trade code KASE – RENTb) were admitted to trade in “Non-listing securities sector”, second admission level since **July 31**.

**RENATA LLP** (Almaty region, Illiyskiy district, Energeticheskii village) was registered June 17, 1997. Authorised capital - KZT650.0 th. and shareholders equity - KZT10,069.30. Major activities - production of consumer goods, retail and whole sale, design services and other.

**Bonds of Renata LLP** are secured registered coupon bonds with \$10 par value and **18% APR in forex** without taxes without considering taxes, which is repaid once at redemption date. Date of issue registration - June 21, 2000. Volume of issue - **\$280,000.00** (28,000 bonds). Floatation and circulation date (emission date) - **June 21, 2000**. Redemption date and date of coupon payment - **June 21, 2001**. The bonds are redeemed at face value in tenge by transferring money from bonds' holders accounts, registered in the registrar **7 days** before the redemption date, i.e. on **July 14, 2001**. All payments (at buying, redemption and interest payments) conducted **in tenge** at KZT/USD exchange rate set by NBK on the payment day. Only those persons who acquired bonds **7 days** before redemption date have the right for coupon payment.

**The collateral for bonds** is the property of SAK-Kombinat Prodoformlenie Almaty). According to the independent experts the true cost of assets amounts to KZT93.0 mln.

**Registrar maintenance** is conducted by KAZREGISTR LLP, holding license of National Security Commission #0406200022 dated Aug. 3, 1999.

**The raised funds** will be aimed at:

- developing of label production for food industry on the basis of “Edeal” English equipment;
- reconstruction of offset production to improve packing production;
- environment safety measures;
- R&D, development of new sorts of products and raw materials.

According the conclusion of Listing Commission based on the inspected document submitted under KASE rules, bonds of Renata LLP are admitted to trade in “Non-listing securities sector”, second admission level.

Based on the application of the trade member of Kazakhstan Stock Exchange (KASE), **from August 2** of the current year ordinary inscribed shares of **Bayan-Otel CJSC** (Uralsk, Trade code – BNOT) will be admitted to the trades in “Non-listed securities” sector under the second admittance level.

Announced authorized capital of Bayan-Otel CJSC is KZT131,073,837.00. A single issue consisted of 131,073 ordinary inscribed shares at KZT1,000.00 face value (NIN – KZ1C35531903). Primary activity of the company: hotel and restaurant business.

## SECTOR OF GOVERNMENT SECURITIES (GS)

### For this week

**In GS purchase and sale sector** of KASE total volume of **76 deals** reached **KZT4,483.6 mln**. In previous period the volume did not exceed KZT1,569.8 mln with 78 deals made.

Parameters of stock exchange transactions in SS from July 27 - August 02

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
<b>Discounted GS: MEKKAM-3, 6, 12, notes</b>	<b>68.2% (62.0%) of purchase and sale sector's turnover</b>					
less than 8	6.07	6.50	6.50	6.31 (6.59)	18.9	3
8 - 14	7.29	8.09	7.29	7.77 (8.37)	54.4	4
15 - 28	3.91	30.60	9.00	15.72 (10.83)	269.9	9
29 - 36	4.03	9.42	9.42	8.07 (20.36)	397.1	2

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Parameters of stock exchange transactions in SS from July 27 - August 02

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
43 - 56	3.96	9.70	9.70	4.10 ( - )	1 246.0	4
57 - 63	9.65	9.86	9.65	9.65 ( - )	249.2	3
64 - 91	9.28	12.03	12.03	11.46 (10.28)	321.1	9
92 - 181	4.00	15.15	12.50	6.77 (14.38)	492.5	6
182 - 364	12.83	12.83	12.83	12.83 (13.47)	8.2	1
Total					3,051.1 (973.7)	41 (48)
<b>Discounted indexed GS: MEKAVM-6, ALU</b>				<b>4.0% (11.1%) of purchase and sale sector's turnover</b>		
57 - 63	8.04	8.38	8.38	8.18 ( - )	16.0	3
64 - 91	8.00	8.00	8.00	8.00 (8.99)	3.7	1
92 - 181	4.00	4.02	4.00	4.02 (9.78)	158.1	3
Total					177.8 (174.4)	7 (9)
<b>Euronotes of Kazakhstan, USD</b>				<b>27.9% (25.6%) of purchase and sale sector's turnover</b>		
*784 - 785	9.73	9.92	9.73	9.83 (9.88)	38.7	8
**1,516 - 1,521	9.59	10.11	9.73	9.81 (9.94)	573.8	15
***2,440 - 2,443	9.89	10.13	10.13	10.06 (10.18)	636.3	5
Total					1,248.8 (401.7)	28 (18)
<b>SUBTOTAL</b>					<b>4,483.6 (1,569.8)</b>	<b>76 (78)</b>

Notes: for euronotes (\* - second issue, \*\* - third issue, \*\*\* - fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange. Volumes for indexed domestic GS are calculated considering official rate of USD/KZT.

**In GS repo sector 88 deals for a total of KZT9,801.4 mln was made during the period.** Of this number 41 deals (for KZT6,990.1 mln) were repo opening deals and 47 (KZT2,811.3 mln) were repo closing deals. Last week total turnover of this sector of the market was at KZT4,008.1 mln.

Parameters of repo opening deals in SS at KASE from July 27 - August 02

(in parentheses – comparable figures for previous period)

Opening date	Term of repo, days	Currency	Amount raised, mln KZT	WA yield, % APR	Number of deals
July 27, 00	1	KZT	434.5	4.48	8
July 27, 00	14	KZT	1,100.0	7.00	2
July 28, 00	3	KZT	188.5	3.30	6
July 28, 00	10	KZT	2,000.0	7.00	2
July 31, 00	1	KZT	100.0	4.00	2
July 31, 00	2	KZT	19.0	4.01	1
July 31, 00	7	KZT	154.0	7.00	4
July 31, 00	21	KZT	1,000.0	7.00	2
August 01,00	1	KZT	241.0	3.44	8
August 01,00	30	KZT	1,200.0	7.50	2
August 02,00	1	KZT	53.0	4.25	2
August 02,00	14	KZT	500.0	7.00	2
<b>TOTAL</b>			<b>6,990.1 (2,310.6)</b>		<b>41 (48)</b>

After closing of the trades on August 02 total amount of opened repo equaled **KZT7,404.6 mln**. Current weighted average rates as of August 02 (% APR) equaled: for **1** day (KZT53.0 mln) – **4.25**; for **7** days (KZT154.0 mln) – **7.00**; for **10** days (KZT2,000.0 mln) – **7.00**; for **14** days (KZT1,600.0 mln) – **7.00**; for **21** days (KZT1,000.0 mln) – **7.00**; for **30** days (KZT2,200.0 mln) – **8.23**; for **49** days (KZT371.6 mln) – **12.50**; for **55** days (KZT26.1 mln) – **11.00**.

**Total of 164 deals** amounting to **KZT14,285.0 mln** were made in GS on trade floors of KASE during last period (purchase and sale and repo sector). Last week volume of 182 deals was KZT7,888.5 mln.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations (including euronotes and repo operations) equaled **85.6%**, for last week it was 68.4%.

**In July**

In July of year 2000 751 deals for a total of **KZT44,084.4 mln** were made in all sectors of the government securities (GS) market of Kazakhstan Stock Exchange. In June total volume of 713 deals totaled KZT35,106.5 mln.

**In the sector of primary floatation** auction for Atyrau region municipal bonds of the first emission (KZ7041007A10, KASE trade code– ARU012.001) was conducted. Participants concluded 11 deals for KZT650.0 mln.

In purchase and sale sector total of 280 deals were made on the sum of KZT8,282.1 mln. In comparison to the previous month the sector's turnover fell by 27.4%.

In repo sector of KASE 460 deals were registered for a total of KZT35,152.3 mln in July. Corresponding figure for the previous month – 450 deals for KZT23,698.8 mln.

The share of the Exchange's turnover in total volume of the deals made on the Kazakhstan GS secondary market based on comparable operations (including euronotes and repo deals) equaled 77.6% in July (in June – 64.2%).

#### Volumes of deals with GS at KASE in year 2000

Month	Sector of the GS exchange market			Total
	Primary	Secondary	Repo	
January		7,295.9	2,133.0	9,428.9
February		13,832.7	2,854.5	16,687.2
March		10,389.4	10,448.1	20,837.4
April		7,740.1	17067.0	24,807.1
May		13,002.4	15,928.1	28,930.5
June		11,407.8	23,592.0	34,999.7
July	650.0	8,282.1	35,152.3	44,084.4
<b>TOTAL</b>	<b>650.0</b>	<b>71,950.3</b>	<b>107,175.0</b>	<b>179,775.3</b>

Information: In 1999 the volume of GS operations at KASE was equal to \$161,460.7 th.

#### Information of the companies

Halyk Bank of Kazakhstan OJSC (Almaty, official list of securities, category "A"), in accordance with the listing requirements provided KASE with auditing report made by Arthur Andersen (Almaty, Kazakhstan) on the issuer's 1999 financial statements.

Based on the data of an independent auditor, following were the results of the company as of December 31, 1998 and 1999 (in th. KZT):

Indicator	1998	1999
Authorized capital (paid)	3,011,900	3,615,067
Weighted average number of issued shares	24,107,000	31,124,278
Shareholders' equity	4,297,204	5,260,338
Total assets	38,929,375	55,946,565
Total liquid assets	12,400,383	20,296,887
Liabilities of credit institutions	1,935,687	4,298,118
Liabilities to credit institutions	2,203,512	2,396,079
Loans and advances to clients	16,914,603	20,159,709
Liabilities to the clients	32,029,477	47,173,977
Operating income	8,700,097	12,465,857
Total expenses	8,234,709	11,993,034
Net income	465,388	472,823
Calculated based on the data of the auditor:		
Return on equity (ROE), %	10.83	8.99
Return on assets (ROA), %	1.20	0.85
Earnings per share (EPS), KZT	16.70	15.19
Price earnings ratio (P/E)	7.91	17.75
Book value of a share, KZT	154.23	169.01

The auditing was conducted by Arthur Andersen in accordance with International accounting standards. Since Halyk Bank of Kazakhstan OJSC keeps its records and makes financial statements based on the Kazakhstani accounting standards, as well as banking legislature, instructions and regulations of the National Bank of Kazakhstan, the auditor had to make some adjustments and regroupings of the balance sheet articles to make them in conformity with the requirements of the International committee on accounting standards. As a result, there are some discrepancies in the ratios calculated by the bank and those of independent auditor. Some information regarding previous years was reclassified to make it in line with 1999 financial statements.

Financial statements were prepared taking into account initial values, re-evaluation of fixed assets. Capital investments were calculated using the cost basis. Interest income and expenses were reflected on accrual basis. Deferred taxes created due to timing are reflected on the liabilities basis. Valuation methods of current value of financial instruments (cash, investment securities, loans to the banks, to the clients, funds of the clients, liabilities, interest to be received) are considered by the auditor reasonable, though some remarks that the use of different market allowances and/or different valuation methods can have a significant impact on their current values: the amounts based on initial calculations may differ from those that can be received from the sales on the market.

Based on the auditor:

- as of December 31, 1999, 1998 and 1997, capital sufficiency ratios, calculated based on the requirements of the National Bank were exceeding the minimum level by at least 10% of total assets weighted at their levels of risks;
- capital sufficiency ratios, calculated based on international standards, equaled: 15% as of December 31, 1998 and 1999, and 12% as of December 31, 1997, while the minimum was at 8%;
- loans of the bank equaled 5% of total assets in 1998, 7% in 1999; to clients 43% and 36%, respectively;
- loans granted to the clients in 1999 were distributed among the sectors of the economy as follows (in parentheses are data for 1998): wholesale trade – 42% (22%), oil and gas – 10% (6%), metallurgy – 8% (7%), agriculture and product processing – 3% (0.5%), chemical industry – 3% (3%), food industry and energy – 3% (1.4%), construction – 3% (6%), light industry – 2% (2.5%), retail trade – 1.7% (6%), transportation – 1% (10%), hotel business – 1% (0.6%), communication – 0% (1%), others – 18% (23%); financing of private companies equaled 86% (89%), that of state enterprises – 11% (6%);
- total amount of loans granted to the clients in 1999 grew 21.2% to 1998, whereas reserves for contingencies were increased by 44.6%.

Regarding the deals made with related parties, the auditor notes that they were made on commercial terms identical to the terms used for related parties.

In the opinion of the auditor, financial statements of Halyk Bank of Kazakhstan OJSC and its subsidiaries give a reliable and objective picture of the company's financial situation as of December 31, 1999, 1998, as well as the results and cash flows as of indicated dates in accordance with International accounting standards.

**KAZKOMMERTSBANK OJSC** (Almaty, official list of securities, category "A"), in accordance with the listing requirements, provided KASE the auditing report of "Deloitte & Touche" (Almaty, Kazakhstan) made on 1999 consolidated financial statements.

Based on independent auditor, who finished working on the report on March 03, 2000, the following are the results of the issuer in 1999 and 1998 (in th. KZT):

Indicator	1998	1999
Authorised capital (paid up)	2,853,902	2,941,814
Weighted average issued shares, number of shares	284,450,152	285,390,136
Shareholders' equity	10,378,227	13,374,826
Total assets	50,299,880	81,185,724
Liquid assets	5,226,647	23,106,195
Loans and other outflows to the clients (net)	35,554,884	48,339,227
Liabilities to the banks	17,298,801	22,698,687
Liabilities to the clients	9,662,791	22,076,532
Operating profit	5,258,189	8,084,759
Total expenses	3,374,110	5,088,261
Net income	1,884,079	2,996,498
Calculated by the data of auditing report:		
Return on equity (ROE), %	18.15	22.40
Return on assets (ROA), %	3.75	3.69
Earnings per share (EPS), KZT	6.62	10.50
Price earnings ratio (P/E)	12.12	–
Book value of a share, KZT	36.49	46.87

Auditing was conducted by "Deloitte & Touche" in accordance with International accounting standards (IAS). Since KAZKOMMERTSBANK OJSC keeps its accounts and financial records based on the Kazakhstan accounting standards, and banking legislature financial statements of the bank were properly corrected to comply with IAS. Some data of 1997, 1998 financial statements were reclassified to match those in 1999 statements.

Among the branch establishments of the bank are: Kazkommerts Securities OJSC (Almaty, Kazakhstan), and Kazkommerts Finance B.V., Kazkommerts Capital B.V. and Kazkommerts International B.V., which registered in Rotterdam Chamber of Commerce and Industry. The number of associated companies (investments are calculated on the basis of share holdings in the capital) include BSB ABN AMRO Bank Kazakhstan CJSC (29.0% of share holdings), PAMC ABN AMRO Asset Management CJSC (48.9%), Umit pension fund (25.0%).

Short term investments into shares of Kazakhstan companies as of the end of 1999 amounted KZT25,257 th. and KZT3,301,341 th. in 1998. This considerable decrease is conditioned by the sale of 25% stake of SHNOS OJSC to Central Asian Industrial Investment N.V.

Consolidated financial statements compiled on the accrual basis using the principle of "historic value". According to the accounting policy, since Jan. 1, 1999 the bank changed depreciation indexes to reflect more

clearly the true cost of fixed and intangible assets. As a result depreciation expenditures increased by KZT96,900 th.

The sectoral division of the bank's loans is following (the comparative figures for 1998 are given in brackets): agriculture - 11% (12%), mining industry and metallurgy - 4% (9%), commerce - 16% (14%), financial sector - 3% (5%), hotel business - 3%(2.5%), power sector - 3.2% (3.6%), chemical industry - 1% (0.2%), machinery construction - 2.5% (1%), construction - 1% (0.5%), food industry - 14% (0.6%), medicine - 1% (1%), transportation and communication 29% (31%), oil industry 4% (6%), other - 7.6% (9.4%).

In the opinion of the auditor, financial statements of KAZKOMMERTSBANK OJSC and its branch companies give a reliable and objective picture of financial situation as of December 31, 1998, 1999. The results of economic activity and cash flow statement for each year of three-year period ended on Dec. 31, 1999 stated in compliance with IAS.

REUTERS informs that Thomson Financial BankWatch international rating agency has raised **primary debt rating of TuranAlem Bank** (Almaty, official list of securities, category "A") to "B+" up from "B". Short-term rating in national currency of the bank has been confirmed at "LC-2".

**Prepared by the agency «IRBIS»**