

WEEK OF STOCK MARKET OF KAZAKHSTAN

July 12 - 18

1 US dollar = **146.70** tenge at official rate for the end of the period
 1 US dollar = **146.74** 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 12 - 18. In parentheses – figures of previous period. Instruments are given in descending order of their attractiveness within specified groups.

Investment attractiveness of stock exchange instruments from July 12 through 18

| Financial instrument | Currency | Yield, % APR | Volume of deals, KZT m | Volume of deals, USD m |
|--|----------|---------------|------------------------|------------------------|
| Instruments denominated in national currency, tenge | | | | |
| MEOKAM, MEAKAM | KZT | 9,51 (9,31) | 390,7 (1 893,0) | 2 662,8 (12 899,0) |
| CS repo | KZT | *9,16 (*9,06) | 285,7 (1 365,7) | 1 947,0 (9 306,6) |
| MEKKAM, notes | KZT | *5,71 (*5,59) | 565,0 (185,3) | 3 850,3 (1 262,6) |
| GB repo | KZT | *4,95 (*4,46) | 6 798,3 (10 585,8) | 46 334,6 (72 128,2) |
| Instruments indexed to the US dollar | | | | |
| VITAb2 | USD | 13,99 (13,54) | 44,8 (0) | 305,4 (0) |
| SMGZb1 | USD | 13,00 (13,00) | 0 (0) | 0 (0) |
| AMGGb1 | USD | 11,86 (–) | 14,7 (0) | 100,0 (0) |
| BTASb1 | USD | 11,50 (9,20) | 7,3 (0) | 49,4 (0) |
| CCBNb1 | USD | 11,12 (11,13) | 0 (0) | 0 (0) |
| HSBkb | USD | 11,00 (11,21) | 0 (0) | 0 (0) |
| KZASb1 | USD | 11,00 (11,20) | 0 (0) | 0 (0) |
| TEBNb | USD | 10,62 (10,87) | 15,5 (15,4) | 105,7 (104,7) |
| ASFib1 | USD | 10,50 (10,50) | 35,9 (480,4) | 244,5 (3 276,6) |
| KARMB1 | USD | 10,32 (10,34) | 4,5 (0) | 30,7 (0) |
| KZTOb | USD | 9,13 (9,10) | 23,3 (121,9) | 158,6 (831,0) |
| SYRGb1 | USD | 8,50 (8,50) | 0 (0) | 0 (0) |
| KZOLb | USD | 8,86 (8,86) | 0 (74,1) | 0 (505,0) |
| RGBRb2 | USD | 7,45 (12,50) | 0 (12,2) | 0 (83,3) |
| ATFBb | USD | 7,35 (7,70) | 0 (1,5) | 0 (10,3) |
| KKGBb | USD | 5,02,(5,03) | 0,(0) | 0,(0) |
| Instruments denominated in US dollars | | | | |
| KKGBe2 | USD | 9,20 (9,20) | 0 (0) | 0 (0) |
| VKU | USD | 8,37 (8,34) | 141,4 (117,7) | 963,6 (803,1) |
| Euronotes-4 | USD | 7,24 (7,20) | 381,3 (835,1) | 2 598,7 (5 690,2) |
| Euronotes-3 | USD | 6,96 (7,02) | 359,2 (787,9) | 2 447,8 (5 369,0) |
| Euronotes-2 | USD | 6,06 (6,01) | 215,7 (614,0) | 1 470,2 (4 183,7) |

Notes: Yields of VITAb2, AMGGb1, BTASb1, TEbNb, ASFib1, KARMB1 and KZTOb are calculated as average of the deals. Yields of other corporate bonds are calculated as average of offer bids.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **0.97% APR**.

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. The yields of all bonds with more than a year maturity term are calculated on a semiannual basis.

Indicators of Kazakhstan interbank deposit market as of July 18, 4:00 PM ALT and changes during the week

| Term | Currency | Rate | Trend |
|----------|----------|-------|-------|
| 1 week | KZT | 7.60 | -0.65 |
| 2 weeks | KZT | 8.30 | -0.70 |
| 1 month | KZT | 9.20 | -0.55 |
| 2 months | KZT | 9.80 | -0.83 |
| 3 months | KZT | 10.60 | -0.65 |

THE CORPORATE SECURITIES SECTOR (CS)

In the primary market of CS, on July 12 KASE held initial public offering auction for inscribed coupon bonds of **NSE Kazakhstan Temir Joly** (the second emission, KZ2EUY03A368, category “A” of the official listing; TMJLb2; \$100, \$30m, July 10.01 - July 10.04, semiannual coupon at 8.0% APR). The whole issue volume of **\$30m** was put on the auction. The auction was held in the trade system of the KASE from 11:30AM to 2:00PM Almaty time. The bonds purchased at the auction are to be paid by the buyers till 4:00PM Almaty time on July

13, 2001 at KZT146.70 per U.S. dollar. Only competitive bids had been accepted at the auction. The bids had been satisfied at a single price – cut-off price.

Total of 13 bids were made from 7 members of the Exchange to buy 149,650 bonds for a total of \$14,461,875.72, or KZT2,121,557,168.37 at current official rate. The demand reached 49.9% of announced issue volume expressed at face value. Net prices (excluding accumulated interest, which is 0.066667% on the payment date) in submitted bids varied from 90.1600% (12.0114% APR) to 97.4401% (8.9944% APR). Weighted average net price in all submitted bids equaled 96.6014% (9.3348% APR). Within the total demand 75.7% of bids has been made by Pension Assets Management Companies, 13.4% – from second tier banks, 10.7% – clients of brokerage-dealing companies, and 0.2% – by the brokerage-dealing companies themselves.

By the results of the auction, the issuer cut-off the bids at clean price of 97.4275% of the face value, which corresponds to **8.9994% APR** on a semiannual basis. At this price four bids have been satisfied submitted from 3 members of the Exchange to buy 95,300 bonds for a total of \$9,291,194.09. By the results of the auction, 31.8% of the total issue has been floated. Actual volume of funds raised equaled KZT1,363,018,172.02. It is said that 82.9% of the bonds has been purchased by using pension assets, 0.3% – by brokerage-dealing companies, 16.8% – by brokers' clients.

The additional offering of the bonds in the trade system of the KASE, by using the main trade mode (uninterrupted counter auction mode) was held on July 12 at 3:00PM Almaty time and has been prolonged till July 20. At the additional auction bonds were only offered by the issuer's agent, Fondovii Service CJSC (Almaty). The auction was held without charging of commission fees of KASE. During the reported period deals were made only on July 13. Total volume reached **\$296,382.3** over 3,040 bonds. All deals were concluded at single price corresponding to **8.9994% APR** of yield to maturity.

During observed period 10 deals amounting to **\$1,136.3 th.** (KZT733.6m) were made **in the purchase-sale sector** of the corporate securities on trade floors of the KASE. Compared to previous week (\$2,261.6 th., KZT331.8m, 17 deals) the sector's turnover decreased by 49.8% (all deals concluded at additional offering of bonds of Astana-finance OJSC were attributed to primary market deals). Most tradable securities were bonds of VITA LLP that took 26.9% of the sector's turnover. The next were bonds of Astana-finance OJSC (21.5%).

All deals were concluded by brokers using the main trade mode of KASE. Deals were made over 8 instruments, this number did not change.

Last deals of period recorded stability of yields of ASF1b1, BTASb1 and VITAb2. Yield of TEBNb lowered from 10.78 to 10.62%. Yield of KARMB1 grew from 10.20 up to 10.32%, KZTOb - from 9.10 up to 9.13%. Price of KZTKp grew 3.9%.

The index KASE_Shares rose by 0.4117 (0.40%) during the week and fixed at closing at **104.4746** on July 18. This change is mainly explained by an increase in quotations of common shares of Bank TuranAlem OJSC (1.8%) and VALUT-TRANZIT BANK OJSC (1.8%). It should be noted that beginning from third decade of June KASE_Shares index has demonstrated stable growing trend despite high volatility. The index slowly crawls to 106 figure, the level that have been recorded between October 2000 and February 2001. At the same time, the index fluctuations should not be in any respect considered as Kazakhstan economy performance indicator due to lack of relationships between its value and real sector of the economy.

Dynamics of corporate bonds market indexes looked as follows (figures in parentheses indicate weekly changes): **KASE_BY - 11.16 (-0.51%)**, **KASE_BP - 116.04 (+0.41%)**, **KASE_BC - 105.22 (+0.22%)**. On previous week KASE_BY grew up 0.18%.

Fluctuations of given indicators display gradual lowering in yields of corporate bonds and growth in their prices. This is explained by inclusion of new bonds into listing of KASE, whose yields are lower considering general trend of the financial market. As a result, demand for bonds is gradually lowering and issuers experiences some difficulties when offering bonds at initial auctions. Such situation was confirmed on the auctions for ASF1b1 and TMJLb2. Despite success reached by Fondovii Service CJSC in offering bonds (two weeks gave \$17.3m) situation is different compared to last year. IRBIS considers that the difficulties NSE Kazakhstan Temir Joly experienced conducting offering auctions were stipulated by two factors: inappropriate time of auctions (period of quarterly budget payments) and expectations of forthcoming offering of TuranAlem Finance B.V. euronotes that have relatively high yields and will be probably purchased by the pension assets management companies.

Capitalization of companies, whose shares are being traded at the CS sector of KASE reached **\$813.9m** or KZT119.5bn by July 18. This indicator grew by \$0.5m compared to previous week. The growth was caused by rise in prices for KZTKp.

The capitalization of corporate bonds market of the Exchange by their best ask prices, that are regularly put out by the market-makers of these securities in the trade system of the Exchange, was fixed at **\$308.7m** as of July 18, or KZT45,401.4m. In nominal value (total face value of the bonds that were admitted into trade lists of KASE) is estimated at **\$308.0m** or KZT45,195.9m.

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

Results of the trades in shares from July 12 - 18

USD per share, unless otherwise specified

| Issuer | Securities | Close | WA price | Volume | Best bid | Best offer |
|-------------------------------|------------|---------|----------|--------|----------|------------|
| Almaty Kus OJSC | ALKS | | | 0 | 0.1540 | 0.3080 |
| Almaty Kus OJSC | ALKSp | | | 0 | 0.0900 | 0.1700 |
| Astana-finance OJSC | ASFI | 10.0000 | | 0 | 5.0000 | 10.0000 |
| AMB OJSC | ATFBp | 6.8700 | | 0 | 6.8100 | 6.8800 |
| Bank TuranAlem OJSC | BTAS | 73.0700 | | 0 | 73.1000 | 73.0000 |
| Bank CenterCredit OJSC | CCBN | 1.1596 | | 0 | 1.1587 | 1.3630 |
| Halyk Bank of Kazakhstan OJSC | HSBK | 0.8324 | | 0 | 0.6100 | 1.2200 |
| KAZKOMMERTSBANK OJSC | KKGB | 0.4500 | | 0 | 0.2500 | 0.5000 |
| Kazakhtelecom | KZTK | 12.0000 | | 0 | 12.0000 | 16.5000 |
| Kazakhtelecom | KZTKp | 12.0000 | 12.0000 | 11 819 | 12.0000 | 11.8000 |
| Rakhat JSC | RAHT | 1.1000 | | 0 | 0.8000 | |
| Raushan OJSC | RAUS | | | 0 | | 4.1500 |
| SAUR OJSC | SAYR | | | 0 | | *0.3400 |
| SHNOS OJSC | SYRG | 1.6300 | | 0 | 1.3000 | |
| TEMIRBANK OJSC | TEBN | 1.0950 | | 0 | 1.3600 | 6.8100 |
| TEMIRBANK OJSC | TEBNp | | | 0 | 1.3600 | 6.8100 |
| ULBA JSC | ULBAp | 10.0000 | | 0 | | *10.2200 |
| UKTMK OJSC | UTMK | 35.0000 | | 0 | 22.0000 | 44.0000 |
| UKTMK OJSC | UTMKp | 28.0000 | | 0 | | 43.0000 |
| VALUT-TRANZIT BANK OJSC | VTBN | 2.5480 | | 0 | 1.4996 | 2.7259 |
| VALUT-TRANZIT BANK OJSC | VTBNp | 2.3033 | | 0 | 1.5677 | 2.9167 |
| Zerde OJSC | ZERD | 6.8184 | | 0 | | 0.1632 |

Results of the trades in bonds from July 12 - 18

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

| Issuer | Code | Currency | Last | WA | Volume, th. USD | Best bid | Best offer |
|-------------------------------|--------|----------|---------|---------|-----------------|----------|------------|
| AtMMG OJSC | AMGGb1 | USD | 11.8643 | 11.8643 | 100.00 | 11.8643 | 11.8643 |
| Astana-finance OJSC | ASFib1 | USD | 10.4998 | 10.4998 | 244.50 | 10.4998 | 10.5024 |
| AMB OJSC | ATFBb | USD | 7.7025 | | 0.00 | 7.3507 | 6.9387 |
| Bank TuranAlem OJSC | BTASb1 | USD | 11.5000 | 11.5000 | 49.39 | 10.0391 | 11.5000 |
| Bank CenterCredit OJSC | CCBNb1 | USD | 11.6998 | | 0.00 | 11.9924 | 11.1179 |
| Halyk Bank of Kazakhstan OJSC | HSBKb | USD | 11.0000 | | 0.00 | 13.4957 | 8.5048 |
| Karazhanbasmunai OJSC | KARMb1 | USD | 10.3243 | 10.3243 | 30.67 | 10.3243 | 10.3290 |
| KAZKOMMERTSBANK OJSC | KKGBb | USD | 6.9962 | | 0.00 | 10.0291 | 5.0332 |
| KAZKOMMERTSBANK OJSC | KKGBe2 | USD | | | 0.00 | 11.1960 | 9.1990 |
| DAGOK Kustanaiasbest OJSC | KZASb1 | USD | 11.7958 | | 0.00 | 11.9960 | 10.9988 |
| NOC Kazakhoil CJSC | KZOLb | USD | 8.8601 | | 0.00 | 8.8038 | 8.7046 |
| NOTC KazTransOil CJSC | KZTOb | USD | 9.1275 | 9.1275 | 158.64 | 9.1275 | 9.1305 |
| RG Brands OJSC | RGBRb2 | USD | 12.4999 | | 0.00 | 12.4957 | 12.0003 |
| SHAHARMUNAIGAS OJSC | SMGZb1 | USD | | | 0.00 | 18.0050 | 13.0006 |
| SHNOS OJSC | SYRGb1 | USD | | | 0.00 | 12.0021 | 8.4963 |
| Temirbank OJSC | TEBNb | USD | 10.6241 | 10.6241 | 105.72 | 10.6241 | 10.8616 |
| VITA LLP | VITAb2 | USD | 13.9999 | 13.9999 | 305.35 | 13.9999 | 13.9999 |

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 the repo sector of CS 14 deals were made for a total of \$5,180.0 th. (KZT760.1m). Of this number, 5 deals (\$1,947.0 th.) were repo opening deals and 8 (\$3,233.0 th.) – closing deals. Volume of deals on previous week reached \$9,306.6 th. (KZT1,365.7m).

At evening of July 18, eighteen CS repos in tenge and U.S. dollars were opened on the trade floor of the Exchange for a total of **\$9,380.4 th.** Common and preferred shares of VALUT-TRANZIT BANK OJSC, common shares of Bank TuranAlem OJSC, common shares of Bank CenterCredit OJSC, preferred shares of Kazakhtelecom, bonds of VITA LLP were used as the underlying instruments of repo deals. The tenge-repo terms varied from 14 to 29 days, and rates from 8.48% to 10.49% APR. The dollar-repo terms varied from 13 to 90 days, and rates from 7.86% to 13.96% APR.

In all trade floors of KASE (including primary market) total of 31 deals were concluded over corporate securities (2,350,991 securities) amounting to **\$15,903.7 th.** (KZT2,333.2m). A week ago volume of 42 deals was \$14,308.9 th. (KZT2,099.3m).

Changes in KASE trade lists

On July 19, 2001, according to decision of the Board of Kazakhstan Stock Exchange (KASE) and under resolution of Exchange Council, **first emission euronotes of TuranAlem Finance B.V. (Rotterdam)** were admitted into category “A” of the official listing of KASE. Euronotes are of the first emission, and are having following emission parameters: XS0131688227, \$100m, June 28, 01-June 28, 04; semiannual coupon - 11.50% APR. Trade code assigned to bonds - BTASe1. Accuracy of quotations in the KASE trade system is **four decimal points**. The trades to be opened on **July 19, 2001**. The specialist status over TuranAlem Finance

euronotes was granted to TuranAlem Securities LLP (Almaty). More detailed data on securities, the issuer and its guarantor are given [in special report of IRBIS agency \(see below\)](#).

On July 19, 2001, according to decision of the Board of Kazakhstan Stock Exchange (KASE) and resolution of the Exchange Council, **coupon inscribed bonds of BANK CASPIAN (Almaty)** were admitted into category "A" of the official listing of KASE. The bonds have following emission parameters: KZ2CUY03A370, \$15m, July 13, 01-July 13, 04; semiannual coupon - 9.50% APR. Trade code assigned to bonds - CSBNb1. Accuracy of quotations in the KASE trade system is four decimal points. The market-maker status over CSBNb1 was granted to Kazkommerts Securities OJSC (Almaty). More detailed data on securities, the issuer and its guarantor are given [in special report of IRBIS agency \(see below\)](#).

On July 19, 2001, according to the application of Kazakhstan Stock Exchange (KASE) trade member common inscribed shares of **Komirbank OJSC** (Ekibastuz, KZ1C34301514, trade code – **KOMB**) were included into "Non listing securities" sector. The announced authorized capital of Komirbank OJSC totals KZT2.0bn, of which paid-up – KZT1.5m. In total, the bank registered six issues of shares. First four issues were canceled due to change of authorized capital structure and size. The fifth issue of shares was registered at KZT1.0bn on July 13, 1998 and consisted of 999,700 copies of common inscribed and 300 preferred inscribed shares which were distributed by closed offering. The sixth issue of bank's shares was registered at KZT500.0m on April 25, 2000 and consisted of 500,000 common inscribed shares which were offered by open auction. Face value of common and preferred shares of fifth and sixth issue is KZT1,000.0

SECTOR OF GOVERNMENT SECURITIES (GS)

In GS purchase and sale sector of KASE total volume of 54 deals equaled **KZT2,053.2m** (\$13,993.4 th.). Last week the turnover reached KZT4,433.1m with 98 deals made. As in previous week, the sector's turnover fell due to low liquidity of the financial market caused by quarterly budget payments of banks' clients. The initial public offering of Temir Joly bonds has also had its impact on low performance of the GS market.

The GS trade participants turned their attention towards short-term government securities such as MEKKAM-12 and notes of the NBK as offered yields for longer MEOKAM and MEAKAM were too low. Besides, short-term operations with GS as well as growth of repo-deals look more logical in situation of falling liquidity among banks.

Parameters of stock exchange transactions in GS from July 12 - 18

(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 | | |
| Discounted GS: MEKKAM-12, notes | | | | 27.5% (4.2%) of purchase and sale sector's turnover | | |
| less than 8 | 5.48 | 5.48 | 5.48 | 5.48 (-) | 114.9 | 1 |
| 15 - 28 | 6.11 | 6.11 | 6.11 | 6.11 (-) | 57.4 | 1 |
| 29 - 36 | 5.30 | 5.30 | 5.30 | 5.30 (5.05) | 99.5 | 1 |
| 37 - 42 | 5.19 | 5.30 | 5.19 | 5.24 (-) | 138.2 | 3 |
| 43 - 56 | 5.50 | 5.50 | 5.50 | 5.50 (5.32) | 71.0 | 3 |
| 57 - 63 | 6.13 | 6.13 | 6.13 | 6.13 (-) | 12.0 | 1 |
| 64 - 91 | 5.54 | 6.80 | 5.99 | 6.26 (5.44) | 72.0 | 4 |
| Total | | | | | 565.0 (185.3) | 11 (13) |
| Coupon GS, KZT denominated: MEOKAM-24, 36, MEAKAM-120 | | | | 19.0% (42.7%) of purchase and sale sector's turnover | | |
| 337 - 589 | 7.48 | 8.98 | 8.11 | 8.47 (8.88) | 181.4 | 11 |
| 791 - 875 | 9.93 | 10.14 | 10.04 | 10.08 (9.84) | 163.0 | 3 |
| 2324 - 2324 | 11.54 | 11.54 | 11.54 | 11.54 (11.29) | 46.3 | 1 |
| Total | | | | | 390.7 (1,893.0) | 15 (48) |
| Coupon GS, USD denominated: VKU-36 | | | | 6.9% (2.7%) of purchase and sale sector's turnover | | |
| 1066 - 1072 | 8.37 | 8.39 | 8.39 | 8.37 (8.35) | 141.4 | 4 |
| Total | | | | | 141.4 (117.7) | 4 (1) |
| Days till maturity | Yield to maturity for a buyer, % APR. | | | | Volume, mln tenge discounted | Number of deals |
| | min | max | last deal | weighted average | | |
| Euronotes of Kazakhstan, USD | | | | 46.6% (50.4%) of purchase and sale sector's turnover | | |
| *435 - 439 | 5.85 | 6.11 | 6.11 | 6.06 (6.01) | 215.7 | 4 |
| **1177 - 1183 | 6.91 | 7.00 | 7.00 | 6.96 (7.02) | 359.2 | 6 |
| ***2100 - 2106 | 7.18 | 7.27 | 7.22 | 7.24 (7.20) | 381.3 | 11 |
| Total | | | | | 956.2 (2 237.0) | 21 (38) |
| GRANDTOTAL | | | | | 2,053.2 (4,433.1) | 54 (98) |

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

By the results of the week the dynamics of the KASE indexes that indicate the condition of the market of Kazakhstani sovereign debt at the Exchange is as follows (in parentheses - weekly changes): **KASE_EY** – equaled **7.04 (+0.59%)**; **KASE_EP** – 127.60 (-0.17%); **KASE_EC** – 112.67 (+0.01%). Last week **KASE_EY**

decreased by 0.37%. No principal changes were observed here, indexes are almost stable and smoothly fluctuate around settled levels.

In GS repo sector 151 deals for a total of KZT12,170.5m were made during the period. Of this number 82 deals (for KZT6,798.3m) were repo opening deals and 69 (KZT5,372.2m) were repo closing deals. Last period the turnover of this market sector reached KZT10,585.3m. After closing of the trades on July 18 total amount of opened repo equaled **KZT6,089.4m**. Current weighted average rates as of July 18 (% APR) equaled: for 1 day – 5.17; for 2 days – 5.91; for 3 days - 5.34; for 6 days - 6.92; for 7 days – 5.24; for 8 days - 7.93; for 10 days – 4.89; for 11 days - 5.58; for 14 days – 7.25; for 22 days – 6.28; for 24 days – 6.49; for 27 days – 8.98; for 27 days - 6.48; for 28 days – 6.48; for 29 days – 6.41; for 30 days – 6.22.

Total of 205 deals amounting to **KZT14,223.7m** were made **over GS in all trade floors of KASE** during last week (purchase-sale and repo sector). A week ago volume of 212 deals was KZT15,018.3m. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations equaled **91.7%**, for last week it was 82.1%.

INFORMATION ON COMPANIES

VALUT-TRANSIT BANK OJSC (Karaganda) informed Kazakhstan Stock Exchange on accrued and repaid dividends on its preferred shares for second quarter 2001. Amount of accrued dividends reached KZT377,177.61, dividend income tax - KZT42,505.52; repaid to shareholders - KZT344,672.09. Thus dividend per share equaled KZT8.5, dividend rate is - 18% APR.

NOTC KazTransOil CJSC (Astana) being authorized by the Government of Kazakhstan as an operator of oil pipelines pumped 7,140.9 th. tons of oil (5,229.5 th. tons in similar period of 2000) through Atyrau-Samara pipeline. Besides, 616 th. tons of Kazakhstani oil was shipped through Aktau sea port for further transportation through Makhachkala-Tikhoretsk-Novorossiisk pipeline. It is said that it became possible only by introducing a system of a united routing of the Kazakhstani oil exports in 2001, which allowed to regulate pumping modes and oil flows. In first quarter about 1,200 th. tons of oil was transported each month through Samara transit point. In May 2001 maximum volume of oil was transported since the putting into service the export route – 1,271.9 th. tons. In 2001 KazTransOil CJSC, as a single operator, developed and implemented two new routes for transporting Aktobe oil, which allowed to supply oil from Janajol and Kenkyak fields through oil platform Bestamak and then through Atyrau-Samara and Aktau-Makhachkala-Novorossiisk routes to the world markets. Till the end of this year the company plans to pump about 13m tons of oil (11.7m tons in 2000) through Atyrau-Samara pipeline. It also plans to increase oil supplies through Makhachkala-Tikhoretsk-Novorossiisk route up to 1,200 th. tons (in 2000 from Aktau port 299.4 th. tons of oil was shipped through this route).

NOTC KazTransOil CJSC (Astana) developed a new route to transport oil from CNPC Aktobemunaigas OJSC (Aktobe). This route will be used to supply oil from fields in Aktobe to oil refineries in Russia, and in return, Tumen oil company OJSC (Russia) will supply oil to Priirtyshskaya oil pumping station in Kazakhstan. In June 2001 was used to transport 50 th. tons to Pavlodar refinery, which is designed to process only western-Siberian oil, which is received through Omsk-Pavlodar pipeline from Russia, and 70 th. tons – through Omsk-Pavlodar-Atasu pipeline with further loading on oil tanks at Atasu platform to supply to China. It is said that Atasu oil platform was built by KazTransOil CJSC in June 2000 to fill Kumkol and western-Siberian oil to railroad tanks. Prior to the development of this route, considering a high freezing point of Kumkol oil, the platform could work only during summer. The supplies of western-Siberian oil will let the platform to work all year long. Thanks to a successful work of KazTransOil CJSC as an authorized operator of the Government of Kazakhstan to mutual exchange oil, agreements were made with Russian oil companies to supply oil by maintaining the volumes of oil. PR department of the company reminds that in 2000 there was a quality coefficient on such kinds of supplies, where less volume of oil was supplied to Kazakhstan, than was exported from Kazakhstan. The development of such supply schemes of equivalent volumes of oil is economically beneficial to CNPC Aktobemunaigas OJSC, and the company plans to supply oil to Pavlodar refinery, as well as to Atasu platform on a long-term basis. Previously, oil from CNPC Aktobemunaigas OJSC was supplied to China through railroad from Bestamak platform, which was more expensive

Prepared by IRBIS agency

First issue euronotes of TuranAlem Finance B.V. were admitted into category “A” of the official listing of KASE

Special issue based on the information of Bank TuranAlem OJSC, TuranAlem Securities LLP, Kazakhstan Stock Exchange (KASE), and IRBIS agency

On July 19, 2001, by the decision of the Board of the KASE, and based on the resolution of the Exchange Council, first issue euronotes of TuranAlem Finance B.V. were admitted into official listing of the KASE securities under category “A”.

ISSUER

The issuer of euronotes is TuranAlem Finance B.V. created according to decision of the Board of Directors of the Bank dated March 16, 2001. The size of authorized capital is EUR18 thousands. TuranAlem Bank OJSC is a sole shareholder of the company. Thus, TuranAlem Finance B.V. is private company created in form of limited liability partnership and registered under the law of the Netherlands (on April 23, 2001, #B.V.1161598).

EURONOTES

| | |
|--|--|
| Type of securities:: | coupon non-subordinated notes |
| International identification number: | XS0131688227 |
| requisites for Reg S: | CUSIP N8965AA9, ISIN USN89065AA92 |
| requisites for Reg 144A: | CUSIP 89989EAA5, ISIN USN89989AA55 |
| Credit ratings of emission | Moody's – "Ba2", S&P – "B" |
| Listing of the foreign Stock Exchanges | Luxembourg |
| Currency of issue: | the US dollar |
| Issuance date: | June 28, 01 |
| Issue volume in US dollars: | 100,000,000 |
| Circulation date: | June 28, 01 |
| Circulation term: | 3 years |
| Redemption date: | 28.06.04 |
| Interest rate: | 11.50% |
| Interest payment dates: | December 28 and June 28 of each year |
| Interest accrual time base: | 30/360 |
| Servicing currency: | the US dollar |
| Discount at public offering: | 99.076% |
| Yield at public offering (S/A): | 11.875% APR |
| Guarantor of issue: | Bank TuranAlem OJSC (Almaty) |
| Lead-manager of issue: | Dresdner Kleinwort Wasserstein (London) |
| Co-managers: | Raiffeisen Zentrabank Osterreich AG, TuranAlem Securities LLP (Almaty) |
| Trustee: | The Bank of New York (London) |
| Payment agent: | The Bank of New York (London) |
| Registrar: | The Bank of New York (New-York) |
| Depository: | The Bank of New York (New-York) |
| Transfer Agent: | The Bank of New York (Luxembourg) |
| Date of admission into KASE listing: | July 19, 01 |
| Date of first trades: | July 19, 01 |
| Trade code at KASE: | BTASe1 |
| Accuracy of quotations: | 4 decimal points |
| KASE market-maker: | TuranAlem Securities LLP (Almaty) |
| Minimal volume of obligatory quotations: | USD3,000 at face value |
| REUTERS information code: | KZ0131688227= |

Trustee defends notes holders, receives all payments on notes from the Issuer and Guarantor and distributes amounts to be paid through Payment Agent (Trustee Agreement was signed on June 28, 2001). **Payment Agent** executes payments on notes and supervises their conformance (Agent Agreement was signed on June 28, 2001). **Registrar** registers Global Note and transfers it to Depository. Depository keeps Global note in vaults and records exchanged Certificates. **Transfer Agent** registers holders of Note Certificates and confirms their property rights.

Notes constitute direct, general, unconditional and unsecured bonds (obligations) of the Issuer. The Notes have the same meaning and will have the same meaning, which is inscribed to all existing and future unsecured obligations of the Issuer. The only exception is obligations that could be preferred under mandatory article of applicable law.

The Guarantor states in guaranty agreement that it unconditionally and completely secures in-time repayment of all amounts to be paid under corresponding schedule by the Issuer on notes. The commitments of the Guarantor are direct, general, unconditional and unsecured bonds (liability) of the Issuer. The Guarantor accepts responsibility to provide sufficient amount of funds to the Issuer in order to meet his notes liabilities till the moment when last note will have been fully redeemed. On the same terms, the Guarantor must not execute any sanctions leading to liquidation and division of the Issuer.

Notes and Trustee agreement are regulated and compiled under the Law of England.

The Issuer has agreed that, in relation to any claim in respect of any dispute or whatever arising under, out of or in connection with Notes, the Trustee or the Noteholder may notify in writing the Issuer and Guarantor to settle such claim by arbitration in accordance with UNCITRAL Arbitration rules. The seat of Arbitration shall be in

London (United Kingdom). The procedural law of any reference shall be English law. The language of any arbitral proceedings shall be English. The appointing authority shall be the London Court of International Arbitration.

The Notes circulate freely on the international capital market and are admitted to circulation in the Republic of Kazakhstan. The appropriate decision #5 of the National Securities Commission was given on July 12, 2001.

GUARANTOR

According to Securities Listing Regulation KASE applies all listing requirements to the associated company if it became a guarantor of bonds emission of the subsidiary, which is created as Special Purpose Vehicle. The guarantee of Bank TuranAlem OJSC #01/881 dated June 28, 2001 was registered by the banking Supervision Department of the National Bank of Kazakhstan on June 28 (#6993).

The information below presents description of the Guarantor given by the Listing Commission. All responsibility for reliability of the submitted information falls on management of Bank TuranAlem OJSC and the financial consultant of TuranAlem Finance B.V. in Kazakhstan - TuranAlem Securities LLP (Almaty).

History of creation

The bank was founded on Jan.15, 1997 in the form of closed joint-stock company as a result of restructuring of two banks: AB AlemBank Kazakhstan and KAB Turanbank. AB AlemBank Kazakhstan was founded in 1990 as Kazakhstan branch of Vnesheconombank (*note: Vnesheconombank conducted international operations in former Soviet Union*). The Alembank was an agent of the Government of Kazakhstan (GOK) servicing foreign credits under the government guarantee. KAB Turanbank began its activity in 1925 as a branch of Promstroibank (*note: bank for industry and construction*). It has been responsible for financing of construction and major industrial enterprises.

Bank TuranAlem was actively supported by the GOK and National bank of Kazakhstan. GOK has paid \$90 mln to the authorized capital. The rehabilitation bank repurchased liabilities of the predecessors for a total of \$62 mln. As a result, the financial and economic conditions of the united bank has improved drastically.

General information

Date of initial government registration – Jan.27, 1997. The legal status - open joint stock company. The ownership – private. Primary activity - banking services. Legal and actual address of the head office – 9 Zholdasbekov street, Samal-2, Almaty 480099, Kazakhstan.

Bank TuranAlem OJSC has 23 regional branches, 222 cash desk offices throughout Kazakhstan. The number of employees as of Jan. 01, 2001 is 2,844, of which 1002 are in head office based in Almaty.

The major activity of the bank is corporate banking operations, trade financing, retails services, operations with securities and foreign exchange, and rendering of broad set of the plastic card services. The bank has broad network of clients including many leading industrial enterprises. By late 2000 the bank had 29,000 corporate accounts (20.1% of the total corporate loan operations in Kazakhstan) and more than 400,000 personal accounts. The latter makes the bank second biggest financial institution in Kazakhstan after Halyk Bank in terms of personal deposits (25.7% of total volume). The bank does not participate in any of government programs (like a pensioning provision, etc.).

At present, the bank has correspondent relations with 230 banks. Most active directions of relations are Germany, USA United Kingdom, Sweden, France, Austria, the Netherlands, Canada, Belgium and Italy. More than 110 banks of CIS countries opened LORO accounts in TuranAlem. Payments are made using SWIFT and TELEX international settlements systems.

In late 1994, Bank TuranAlem started issuing and servicing of AlemCard. It also became a member of Visa International. At present, the bank issues and services full set of products of Visa International (Electron, Classic, Business, Gold). In January 1997, the bank signed an agreement with Europay International on issue of EuroCard/MasterCard and Cirrus/Maestro. In April 1997, agreements concluded with United Card Service on servicing of DinersClub and with American Express on distribution of American Express cards. As of Jan.01, 2001 Bank TuranAlem OJSC has maintained 46 ATMs. The bank considers debit and credit cards as one of the major source of growth of the retail sector operations. The bank opened its owned cards processing center and issued 152,709 debit including 85,782 international cards (VISA) and 33,456 own cards (AlemCard). According to 2001, number of cards could reach 186,700. In 2000 debit card activity brought KZT167m in revenues.

Bank TuranAlem OJSC possesses stakes in: BTA Leasing OJSC - KZT142.8m (100% in the authorized capital), Pension Fund Kazakhstan CJSC - 104.5m (25.0%), TuranAlem Finance B.V. - 18 th. euros (100%); TuranAlem Securities LLP - KZT28.8m (100%), Pension Fund Kurmet CJSC - KZT42.7m (23.7%), Kazakhstan Stock Exchange (CJSC) - KZT3.3m (4.2%), OUL Association of Kazakhstan Financiers - KZT0.7m (17.1%), Interbank Financial Chamber JSCOT - KZT0.2m (6.3%), Central Depository of Securities - KZT0.2m (0.3%); BTA Insurance - KZT44.0m (40.0%).

Bank TuranAlem OJSC is a member of KASE, Central Depository of Securities CJSC, Kazakhstan Fund of Individual Deposits Insurance CJSC (certificate 0000001 dated Feb.16, 2000), OUL Association of Kazakhstan

Financiers. The bank is a primary dealer of the Finance Ministry of Kazakhstan (MOF) and primary agent of National Bank of Kazakhstan on the primary market of government bonds. The bank has participated in floatation of six issues of the national saving bonds (NSB) a financial agent of the MOF.

Besides, Bank TuranAlem controls operations of Kazko Construction and Samal Properties. The latter manages and owns high-rise building Samal Towers - head office of the bank in Almaty. Samal Properties is 60% owned by Kazko Construction and 38% is owned by Alara International Inc, which is in turn owned by contractors initially by AB Alem Bank Kazakhstan.

By the decision of NBK dated Oct.30, 1998 #220, Bank TuranAlem OJSC was included into the first group of banks to be shifted to international accounting standards.

Licenses

- Of the National Bank of Kazakhstan to conduct banking operations in tenge and foreign currency, dated June 04, 2001 #242 (replaced old license #225 issued on Dec.17, 1998) with constant validity period.
- Of the National Securities Commission of Kazakhstan to engage in broker and dealing activities on the securities market with the right to handle client accounts as a nominal holder, dated Aug.19, 1999, #0401100110 (instead of previous license #20030072 dated May 12, 1997), constant validity period.
- Of the National Securities Commission of Kazakhstan to engage in custodian activities on the securities market #0407100023 dated Oct 15, 1998.

Credit ratings

Moody's: rating of long-term deposits in foreign exchange "Ba3", positive outlook, financial stability - D, stable outlook ;

Standard & Poor's: long-term rating - B, stable outlook; short-term and deposits of certificates rating C, stable outlook.

Shareholders

In March 1998, the GOK held closed auction for sale of 100% of TuranAlem shares. The shares were bought out by consortium of private companies for \$72.0 mln. The consortium - Consortium of Kazakhstan Investors consisted of companies included into Astana Holding group and other independent entities.

Astana Holding group includes: Melkombinat OJSC (Kostanai region), DAGOK Kustanaiasbest OJSC (Kostanai region), Araltuz OJSC (Kzyl-Orda region), "Shymkentskaya makaronnaya fabrika" OJSC (Shymkent macaroni plant, Southern Kazakhstan). As of Oct.01, 2000 members of the Astana holding group held 30.73% of the bank's shares.

During 1999-2000 Bank TuranAlem OJSC increased authorized capital and extended number of shareholders that were not participants of the Consortium. As of March 31, 2001 the companies, former participants of the Consortium held on 59.2% of shares.

As of July 01, 01 announced, issued and paid-up authorized capital of Bank TuranAlem OJSC equaled 12,870,230.0 thousands tenge. Total number of shares - 1,287,023. The shares have non-documentary form. The register is maintained by KAZREGISTER LLP (Almaty).

As of January 01, 01 (more recent extracts from the register are unavailable) number of shareholders was 19, including 2 nominal holders possessing 271,302 shares. Following entities possessed over 5% stake in the bank: Semipalatinskii mukomolno-kombikormovii kombinat OJSC (12% stake), Yassy OJSC (Turkestan, Kazakhstan, 11.2%), MaktaAral OJSC (Southern Kazakhstan, 9.0%), Melkombinat LLP (Almaty, Kazakhstan, trustee of Melkombinat OJSC, 8.8%), Araltuz LLP (Almaty, Kazakhstan, trustee of Araltuz OJSC, 6.0%), Kustanaiasbest LLP (Almaty, Kazakhstan, trustee of DAGOK Kustanaiasbest OJSC, 6.0%), Shymkentskaya makaronnaya fabrika" LLP (Almaty, Kazakhstan, trustee of Shymkentskaya makaronnaya fabrika" OJSC, 6.0%). The rest of shareholders possesses 41% stake.

Shares

In total five emissions of shares were registered in Kazakhstan. All of them were common inscribed shares at face value of KZT10,000. The third emission did not pass government registration and was subsequently canceled and substituted by the fourth emission. All shares are issued in non-documentary form and are having common national identification number (NIN) KZ1C34920013. The registrar is maintained by KAZREGISTR LLP (Almaty).

According to the terms and conditions of emission dividend amounts are to be defined by General meeting of shareholders. The AGM (annual general meeting) held on June 6, 1998 decided to cancel dividends for 1997 due to losses incurred by the bank. The AGM held on July 15, 1999 and Aug. 10, 2000 dividends for 1998 and 1999 have not been accrued, the incurred profit was provided for covering of past losses. The dividends for 2000 will have been discussed by July 15, 2000.

After passing listing procedure common inscribed shares of the Bank were admitted into category "A" of the official listing on Sep.09, 1999 (trade code BTAS). These securities were most tradable during 2000. Volume of 95 deals made in all sectors of KASE reached 573,057 shares for \$36.4m. One should note that these securities have been frequently used as repo instrument both in the repo and the purchase-sale sectors. In 2001, shares of Bank TuranAlem continue to take leading market positions. As of July 18, volume of 74 deals reached \$32.1m. For the whole circulation period, minimal price of BTAS in the purchase-sale sector was \$68.66, maximal - \$92.57. Last deal was made at \$73.03. The "specialist" responsibilities over the Bank's shares are executed by TuranAlem Securities LLP (Almaty). As of July 17, 2001, stock exchange market capitalization of the bank equaled \$94.0m.

Bonds

Till present, the National Securities Commission of Kazakhstan registered single emission of bonds of Bank TuranAlem OJSC (KZ2CUY08A320; category "A" of the official listing; BTASb1; \$100; \$20m; Feb.19, 01-Feb19, 09; semiannual coupon - 12.0%). The bonds have been traded at KASE from Feb.19, 2001. In overall, 32 deals were made for \$4.1m (39,520 bonds) including in the repo sector - 6 deals for \$210.0 th. (2,010 bonds). Over purchase-sale deals yield to maturity varied from 11.30% to 11.50% (semiannual basis). The last deal yield equaled 11.50%. In the purchase-sale sector BTASb1 takes fourth tradable position (between Feb.19, 2001 and July 17, 2001) after bonds of NOTC KazTransOil CJSC, NOC Kazakhoil CJSC and Halyk Bank Kazakhstan. On the overall stock exchange market (including repo sector and initial offerings) - fifth positions (with addition of Kazakhstan Temir Joly bonds). The market-maker responsibilities over the Bank's bonds are executed by TuranAlem Securities LLP (Almaty).

Financial indicators

Auditing of Bank TuranAlem for 1997-1998 was Arthur Andersen (Almaty, Kazakhstan), for 1999-2000 - Ernst & Young (Almaty, Kazakhstan). The financial indicators given below are compiled using financial statements audited by Ernst & Young (excluding statements for April 01, 2001, which have only been reviewed not examined). All statements have been prepared according to International Accounting Standards.

Financial indicators of Bank TuranAlem OJSC

(KZT m, unless otherwise indicated)

| Index | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | As of Apr.1 '01 |
|---|-------------------|-------------------|-------------------|--------------------|
| Authorized capital (paid-up) | 7,931 | 8,757 | 11,931 | 11,931 |
| Shareholders' equity | 3,676 | 5,083 | 8,935 | 9,072 |
| Book value of assets | 18,133 | 45,922 | 79,205 | 99,329 |
| Liquid assets | 4,629 | 11,640 | 17,261 | 24,022 |
| Loans and advances to clients (net) | 10,406 | 26,989 | 53,806 | 66,348 |
| Obligations to clients | 9,651 | 28,224 | 46,933 | 62,728 |
| Obligations to banks and other entities | 4,308 | 9,723 | 16,984 | 18,414 |
| Operating income | 4,158 | 5,422 | 9,725 | 3,155 |
| Operating expenses | 2,632 | 4,511 | 8,828 | 2,688 |
| Net income after minority stake | 1,526 | 911 | 897 | 467 |
| Estimated by KASE | | | | |
| Return on assets (ROA), % | 8.42 | 1.98 | 1.13 | - |
| Return on equity (ROE), % | 41.51 | 17.92 | 10.04 | - |

Balance sheet

KZT m

| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | As of Apr.1 '01 |
|---|-------------------|-------------------|-------------------|--------------------|
| ASSETS | 18,133 | 45,922 | 79,205 | 99,329 |
| Cash and its equivalent | 4,030 | 8,508 | 7,232 | 15,427 |
| Securities at estimated control price | 599 | 3,132 | 10,029 | 8,595 |
| Commercial credits and advances | 10,406 | 26,989 | 53,806 | 66,348 |
| Buildings and equipment, net amount | 2,223 | 3,610 | 4,999 | 4,964 |
| Other assets | 875 | 3,683 | 3,139 | 3,995 |
| LIABILITIES AND EQUITY CAPITAL | 18,133 | 45,922 | 79,205 | 99,329 |
| Liabilities | 14,457 | 40,244 | 69,657 | 89,672 |
| Obligations to government and the NBK | 1,299 | 700 | 766 | 855 |
| Obligations to other banks and financial institutions | 3,009 | 9,023 | 16,218 | 17,559 |
| Obligations to clients | 9,651 | 28,224 | 46,933 | 62,728 |
| Securities sold on repo agreements | 0 | 0 | 2,256 | 1,259 |
| Subordinated debt obligations | 0 | 0 | 0 | 3,930 |
| Other debt obligations | 498 | 2,297 | 3,484 | 3,341 |
| <i>Minority stake</i> | <i>0</i> | <i>595</i> | <i>613</i> | <i>585</i> |
| Equity capital | 3,676 | 5,083 | 8,935 | 9,072 |
| Shareholders equity | 7,931 | 8,757 | 11,931 | 11,931 |
| Additional paid-up capital | 0 | 1 | 28 | 28 |
| Bought out shares | 0 | 0 | -246 | -576 |
| Accumulated deficit | -4,255 | -3,675 | -2,778 | -2,311 |

| Cash flow statement | | KZT m | | |
|--|-------------------|-------------------|-------------------|--|
| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | |
| Cash flows from current activity | | | | |
| Net income | 1,526 | 911 | 897 | |
| <i>corrections on:</i> | | | | |
| Depreciation payments | 87 | 114 | 157 | |
| Losses reserves | 545 | 1,001 | 2,987 | |
| Income from sale of property and equipment | — | (331) | (33) | |
| Changes in non-utilized income from securities | (9) | (1) | 169 | |
| Operational income before changes of current working assets minus liabilities | 2,149 | 1,694 | 4,177 | |
| <i>Increase (decrease) of current working assets:</i> | | | | |
| Obligations to government and NBK | 1,257 | (599) | 66 | |
| Obligations to other banks and financial institutions | 2,674 | 6,014 | 7,195 | |
| Obligations to clients | (827) | 18,573 | 18,709 | |
| Securities sold on repo agreements | — | — | 2,256 | |
| Other liabilities | (568) | 1,187 | 1,187 | |
| Net income from current activity | — | — | (2,736) | |
| Cash flows from investment activity | (127) | (2,356) | (1,513) | |
| Cash flows from financial activity | 1,150 | 1,422 | 2,973 | |
| Changes in cash and equivalent | 1,314 | 4,478 | (1,276) | |
| Cash and equivalents in the beginning of year | 2,716 | 4,030 | 8,508 | |
| Cash and equivalents in the end of year | 4,030 | 8,508 | 7,322 | |
| Additional information: | | | | |
| Interest paid | 489 | 1,616 | 2,831 | |
| Interest received | 1,713 | 3,381 | 6,831 | |

| Income statement | | KZT m | | | |
|--|-------------------|-------------------|-------------------|-------------------|--|
| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | As of 01.04.01 | |
| Net interest income before loss reserves coverage | 1,128 | 2,049 | 4,450 | 1,565 | |
| Loss reserve | -545 | -1,001 | -2,987 | -709 | |
| Net interest income after loss reserve coverage | 583 | 1,048 | 1,463 | 856 | |
| Other income, total | 3,030 | 3,373 | 5,275 | 1,562 | |
| Production expense, total | -2,087 | -3,494 | -5,823 | -1,904 | |
| Pretax Income | 1,526 | 927 | 915 | 514 | |
| Income tax | 0 | -16 | 0 | -75 | |
| Net income before minority stake | 1,526 | 911 | 915 | 439 | |
| Minority stake | 0 | 0 | -18 | 28 | |
| Net income after minority stake | 1,526 | 911 | 897 | 467 | |

In the opinion Ernst & Young, consolidated financial statements of the bank give a reliable representation of financial situation of the bank in all necessary aspects as of December 31, 1998, 1999, and 2000 as well as consolidated income and cash flow statements for indicated periods. All statements have been compiled according to international Accounting Standards.

Operational revenues of the Bank have caught growing trend for last three years (1998 - KZT4.7bn, 1999 - KZT7.0bn, 2000 - KZT13.1bn). This trend is also supported by results of first quarter 2001. Interest rate revenues for first quarter equaled KZT2.9bn or 64.7% of the total revenues. Commission revenues grew up due to increased amount of opened accounts and reached KZT611.0m or 13.8% of the total revenues. Revenues from financial operations were KZT777.0m or 17.6% other revenues - KZT174.0m or 3.9%. Total interest revenues in 2000 reached KZT7.9bn and increased by 117% to 1999 (KZT3.6bn) as a result of loan portfolio growth, which is in turn was caused by economic stabilization and expanding demand for the Bank's services. Interest revenues on loans granted to clients grew up 120% or from KZT3.5bn up to KZT7.8bn. Weighted average interest rates in foreign and domestic currencies equaled 14.7% and 17.5% correspondingly and decreased from 18.9% and 19.9% in 1999.

Expenses (As of Apr. 01, 2001) of the Bank equaled KZT3.9bn, of which the most part 33.2% is attributed to interest payment expenses (KZT1.3bn) accumulated because of expanding of deposit base and other attracted funds. In first quarter of 2001, the share of personnel and administrative expenses 29.4% (KZT1.2%) has undergone large increase because of expanding of branch network and moving of the head office in March 2001. The Bank's expenses recorded large year to year growth (1999 - 86.9%, 2000 - 101.2%) because of growth in wages, growth in number of personnel, and anchoring of wages to the US dollar. Such significant growth of expenditure led to lowering of net income figure in 1999 by 40.3% and 1.5% in 2000.

Assets. The Bank is the second biggest private bank in Kazakhstan in terms of assets. As of March 31, 2001 assets of Bank TuranAlem equaled KZT99.3bn or 18.4% of the total banking assets in Kazakhstan. Stable growth of the Bank's assets was conditioned by accumulation of profitable assets. The share of loan portfolio in profitable assets has grown during last three years from 69.3% to 75.7% (or from 57.5% to 67.9% in total assets). Assets growth in 1999-2000 and first quarter 2001 was caused by growth in cash and its equivalent (from 1998 to 2000 by 79.5%, first quarter 2001 - 113.3%). Commercial loans and advances grew up 417.1% from 1998 to 2000, and 23.3% for the first quarter. Securities portfolio increased 17 times (1999-2000).

Loan portfolio. One of the major activity of Bank TuranAlem is trade financing and short-term crediting in tenge and US dollars including issue of letters of credits and guarantees. The Bank's share on the country's loan

market equals 20.1%. Loans to clients total biggest part of assets: 57.5% (KZT10.4bn) from total net loans in 1998; 1999 - 58.8% (27.0bn); 2000 - 67.9% (KZT53.8bn), first quarter of 2001 - 66.8% (KZT66.3bn). Ninety six percents of credits granted to corporate clients. The most part of loans was distributed in wholesale trade - 37%, agriculture and foodstuff industry - 17%, oil and chemical industry - 10%. According to the Bank's information clients were mainly financed for the account of deposits base, fifth emission of shares, attracted funds (as of Apr. 01, 2001 - KZT18.4bn).

During last three years major volume of crediting was made on short-term basis: 1998 - KZT10.0bn or 85.0% of loan portfolio, 1999 - KZT22.6bn - 77.1%, 2000 - KZT41.1bn or 72.4%. The share of mid to long term loans increased from 15.0 to 27.6%.

Loans granted in US dollar take 51-55% of loan portfolio, in tenge - 32-34%, indexed to Us dollar - 17-11%. In late 2000 interest rates on tenge credits equaled 11%-28%, in US dollars - 12-25%.

The Bank classifies its loan portfolio and forms loan loss provisions in strict accordance to requirements of the National Bank of Kazakhstan. In 1998 loan loss provisions equaled 1.3bn or 11.3% of the portfolio, 1999 - 2.3bn or 7.8%, 2000 - KZT2.9bn or 5.1%. Absolute growth of provisions is only attributed to growth of loan portfolio itself as relative shares are falling.

Prudential standards. According to the Banking Supervision Department of NBK, By December 01, 2000, the Bank maintained all prudential standards and other mandatory norms and limits.

Comparative characteristics of Bank TuranAlem OJSC with indicators of other commercial banks as of June 01, 2001 (thousand of tenge unless otherwise indicated)

| KZT thousands, unless otherwise indicated | | |
|---|---------------------|----------------------------|
| Index | Bank TuranAlem OJSC | Average ratio of two banks |
| Shareholders' equity | 15,969,801 | 13,423,183 |
| Assets | 103,160,439 | 107,565,133 |
| Net income | 1,354,258 | 1,021,782 |
| k1 (min 0,04) | 0.098 | 0.080 |
| k2 (min 0,08) | 0.15 | 0.15 |
| k4 (min 0,20) | 0.76 | 0.61 |
| ROA, % | 1.31 | 0.88 |
| ROE, % | 8.48 | 6.32 |

The comparison is made only with two other banks included into top-three banks (authorized capital).

Sources of financing

The main sources of the Bank's financing in 1998-2000 were clients' deposits and funds attracted from other banks and financial organizations. In February 2001, the Bank realized emission of domestic subordinated coupon bonds with 8 years to maturity in order to diversify sources of financing.

Source of financing of Bank TuranAlem OJSC

| Sources | 1998 | | 1999 | | 2000 | | As of Apr.01, 2001 | |
|--|---------------|------------|---------------|------------|---------------|------------|--------------------|------------|
| | KZT m | % | KZT m | % | KZT m | % | KZT m | % |
| Deposits | 9,651 | 65.7 | 28,224 | 70.1 | 46,933 | 67.4 | 62,728 | 70.0 |
| Loans of banks and financial organizations | 4,308 | 29.3 | 9,723 | 24.2 | 16,984 | 24.4 | 18,414 | 20.5 |
| Other liabilities | 497 | 5.0 | 2,297 | 5.7 | 3,484 | 5.0 | 3,341 | 3.7 |
| Securities (repo-operations) | - | - | - | - | 2,256 | 3.2 | 1,259 | 1.4 |
| Subordinated debt obligations | - | - | - | - | - | - | 3,930 | 4.4 |
| Total | 14,456 | 100 | 40,244 | 100 | 69,657 | 100 | 89,672 | 100 |

Deposits of clients are the main source of the Bank's financing. The source is relatively stable to short-term fluctuations of interest rates and largely depends from the Bank's ability to provide high-level of servicing as well as from set of services and products. As of Dec.31, 2000 deposits reached KZT46.9bn or 15.7% of total deposit market in Kazakhstan. The share of corporate deposits takes 57.5%, private deposits - 42.5% or 25% of the total private deposits market.

The Bank's deposits mainly consist of current accounts and time deposits. As of Dec.31, 2000 interest rate on time deposits of corporate clients equaled from 2% to 19%, US dollar deposits - 6%-14%. Interest rates on private deposits depends on type, terms (1 month - 3 years) and currency (tenge deposit - 4-21%, foreign exchange - 4-10%).

International credit lines. Beginning from 1997 Bank TuranAlem OJSC has started borrowing funds on international capital markets. Such operations included: joint financial operations with international banks and financial organizations. Some of operations were designed with a view to assist business development programs and were executed by various multilateral agencies (including subsidies by export-credit agencies). The bank appeared as intermediary and was a guarantor of clients. In other deals, the Bank represented its own interest. Such deals included \$30m loan from syndicate of banks created by Dresden Bank Luxembourg S.A. and ING Barings. The loan to be paid off in July 2001. The next operation is \$3.9m loan from Komerční Bank (Prague) and \$2.1m from Czechoslovenska Obchodni Bank, which are due in 2003. The loans of International Financial Corporation (\$15.0m) and DG Bank DM2.8m are to be due in 2005. The loan of the

Netherlands Financial Development Company for \$5.0m and subordinated loan (EUR10m) from German Investment and Development Company will mature in 2006 and 2007 correspondingly. Besides EBRD granted non-regressive loan to the Bank's subsidiary, Samal Properties for \$9.8m secured by collateral (head office of the Bank).

The Bank, along with group of other Kazakhstan banks, is also a member of small and mid-sized businesses support program initiated under the intergovernmental financial cooperation between Kazakhstan and Germany signed in 2000. The agreement between Kreditanstalt Fuer Wiederaufbau (KfW, Germany) and the Ministry of Finance of Kazakhstan was signed in 1998. Total limit amount reaches \$27m for 10 years. The first stage was implemented by late 2000 when the Bank received DM2m (the amount was granted to each of Kazakhstan member banks). At present, the Bank has spent DM1.1m.

**Maturity terms of major foreign exchange loans of Bank TuranAlem as of Apr.01, 2001
(thousands of corresponding currency units)**

| Due amount | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2010 |
|------------|--------|--------|-------|--------|--------|-------|--------|-------|
| USD | 43,682 | 13,044 | 7,769 | 13,804 | 15,000 | 5,000 | 0 | 0 |
| EUR | 165 | 0 | 0 | 0 | 5,591 | 0 | 10,000 | 0 |
| DEM | 2,099 | 0 | 0 | 0 | 2,784 | 0 | 0 | 1,066 |

Shareholder's equity. Bank TuranAlem take second place in Kazakhstan by size of the equity capital. As of Apr. 01, 2001 the Bank took 13.5% of the banks total equity capital in Kazakhstan. In late 2000 the shareholders equity equaled KZT8.9bn (11% of all assets), in late 1999 - KZT5.1bn (11%), late 1998 - KZT3.7bn (20%). The increase of equity capital was mainly attributed to growth of the first level capital as a result of last two emissions:

Capital adequacy ratios of Bank TuranAlem OJSC

(KZT millions, unless otherwise indicated)

| | 1999 | 2000 |
|--|--------|--------|
| Capital of the first level | 5,083 | 8,935 |
| Capital of the second level | 415 | 856 |
| Capital of the first and second levels | 5,498 | 9,791 |
| Net assets with estimated risk of weighted discount for loan loss risk | 45,426 | 79,434 |
| Risk estimation ratio of capital adequacy, % | 12.1 | 12.3 |

CONCLUSION OF THE LISTING COMMISSION

Notes circulation adjustment on the territory of Kazakhstan

Notes registered according to practice approved at euronotes market. Terms of notes circulation and liabilities implementation are adjusted by notes' term, Trust and Agent agreement of June 28, 2001 from Bank of New York which acts through its office in London. All claims and irregularities linked with implementation of issuer's liabilities for notes are adjusted in accordance with England legislation.

Taxation

Notes revenue taxation procedure for Kazakhstan residents is in some way different from the procedure used for issue of registered notes in accordance with legislation of Kazakhstan.

Due to issuer's non residence potential investors should consider information concerning control over procedure of capital export and privat status of tax payer due to the source of notes rewarding payment which will be non resident and registered according to the Netherlands legislation.

Amendment in structure of large bank shareholders

According to bank guarantee data (Bank TuranAlem OJSC) now the negotiations with some international financial institutes (including EBRD and Germany investment company DEG) are conducted concerning the planned grant of repaying preferred converted shares of Bank TuranAlem OJSC. Cost of repaying preferred converted shares will total approximately \$20.0m. Also it is expected that owners of converted shares will have right to appoint two members of Bank TuranAlem OJSC board of directors.

Prepared by IRBIS agency

First issue bonds of BANK CASPIAN were admitted into category “A” of the official listing of KASE

Special issue based on the information of BANK CASPIAN OJSC, Kazkommerts Securities OJSC, Kazakhstan Stock Exchange (KASE), and IRBIS agency

From July 19, 2001, according to decision of the Board of KASE and resolution of the Exchange Council dated July 18, 01 first issue coupon inscribed bonds of BANK CASPIAN OJSC (Almaty) (KZ2CUY03A370, \$15 m, \$100, July 13, 01 - July 13, 04, semi-annual coupon 9,50% APR) to be included into official list of KASE securities, “A” category.

BONDS

| | |
|---|--|
| Type of security: | Inscribed coupon bond, indexed to the KZT/USD exchange rate |
| Provision: | without provision |
| Issue credit rate: | absent |
| Issuer credit rate | absent |
| National identification number | KZ2CUY03A370 |
| Issue number in state list | A37 |
| Maintenance of the register | Securities registering system CJSC (Almaty) |
| Issue registration date | July 06. 01 |
| Bonds face value | \$100.00 |
| Issue volume in dollars | \$15,000,000 |
| Issue volume in securities | 150,000 |
| Issuance (circulation) date: | July 13. 01 |
| Floatation term | 3 years from the beginning of circulation |
| Circulation term | 3 years |
| Maturity date | July 13. 04 |
| Interest rate | 9.5% APR |
| Interest payment date: | January 13 and July 13 annually |
| Time basis at all payments | 30/360 |
| Register fixing term at coupon payment | 30 days up to payment date |
| Register fixing dates at coupon payment | December 13 and June 13 annually |
| Register fixing term at redemption | 30 days up to repayment date |
| Register fixing date at redemption | June 13. 04 |
| Servicing of emission: | in KZT at National bank rate fixed on the date of actual payment |
| Financial consultant of issue | Kazkommerts securities OJSC (Almaty) |
| Payment agent | BANK CASPIAN OJSC |
| Date of admission into trade list KASE | July 19. 01 |
| First trades date | will be additionally announced: |
| KASE trade code | CSBNb1 |
| Accuracy of quotations | 4 decimal points |
| Market maker at KASE | Kazkommerts securities OJSC |
| Minimal volume of obligatory quotations | 30 bonds |

Face value coupon payment is at the first working day following next after the week end or holiday in case if one of indicated interest payment date comes for week end or holiday. In this case coupon payment accumulation from week end or holiday is not realized and shareholder has no right to demand rewarding bonus or any reimbursement.

None of shareholders has right for preliminary bonds payment.

According to issuer's information floated bonds will be directed to large enterprises credit granting and enterprises of middle and small business. Bonds issue will enable issuer to diversify and increase terms of attracted funds and expedite activity at financial market of Kazakhstan.

THE ISSUER

The information below presents description of the Bank given by the Listing Commission. All responsibility for reliability of the submitted information falls on management of the Bank and its financial consultant Kazkommerts Securities OJSC (Almaty).

History

The bank was founded in December 1997 as a result of merger between Bank Caspian CJSC (assignee of international bank, Al-Baraka Kazakhstan) and Kazdorbank OJSC.

General information

BANK CASPIAN OJSC passed initial government registration on Jan.01, 1991. The legal status - open joint stock company. The ownership – private. Primary activity - banking services. Legal and actual address of the head office – 90 Adi Sharipov street, 480059 Almaty, Kazakhstan.

The Bank has following government licenses:

- Of the National Bank of Kazakhstan to conduct banking operations in tenge and foreign currency, dated May 04, 2001 #245 with constant validity period.

- Of the National Securities Commission of Kazakhstan to conduct broker-dealer activity on the securities market with the right to manage client accounts as a nominal holder, dated Dec.30, 1999, #0401100185, constant validity period.

BANK CASPIAN OJSC is a member of KASE, Central Depository of Securities CJSC, OUL Association of Kazakhstan Financiers, Kazakhstan Deposits Insurance Fund CJSC (certificate #0011 dated Feb.16, 2000), Almaty International Insurance Group OJSC. The bank is a primary dealer of the Finance Ministry of Kazakhstan (MOF) and primary agent of National Bank of Kazakhstan on the primary market of government securities.

The Bank has 17 branch offices, 59 cash-desk offices and 53 foreign exchange offices throughout Kazakhstan. The number of employees as of Apr. 01, 2001 is 757, of which 259 are employed in the head office based in Almaty.

At present, the bank has correspondent relations with several banks in US - Arab American Bank, The Bank of New York, ABN AMRO Bank, in Germany - Deutsche Bank AG, Dresdner Bank AG, Turkey and Russia. The Bank participates in such international payments systems as SWIFT and TELEX.

Capital, shares and shareholders

As of Apr.01, 2001 announced, issued and paid-up authorized capital of the Bank equals **KZT1,000,020,000.00**.

Between March 11, 1998 and April 04, 2001 the Bank registered 5 emissions of shares (first three issues were canceled). On April 04, 2001, the National Securities Commission registered fourth and fifth emission of shares. The fourth emission (A3145-3) was divided into 3,885,000 common inscribed (KZ1C31450014) and 115,000 preferred shares (KZ1P31450417, no voting rights) at KZT210 of face value. The fifth emission (A3145-4) consisted of 762,000 common shares (KZ1C31450014) at KZT210 of face value.

All shares are issued in non-documentary form. The register is maintained by Registratorskaya Systema Tsennih Bumag (Almaty, license - #20050017).

As of Apr.01. 2001 total number of holders of common shares consisted 4,807, preferred shares - 2,344. The holder, whose stakes exceed 5% are presented below:

- Petrocommerts Kazakhstan (Almaty) - 20.9%;
- Leasing Center-Astana LLP (Astana) - 20.6%;
- Kazakhstan Fuel Company LLP (Astana) - 17.7%;
- Ayaks LLP (Almaty) - 17.5%.

Other shareholders possess 23.3% of the authorized capital.

The Bank repays dividends by results of this year. Size of dividends on common shares is set by Annual General Meeting. The order of payments and minimal size of dividends on preferred shares are set by the Emission Prospectus. The Bank has no dividends indebtedness.

The common and preferred shares of the Bank have been traded in the Non-listing securities sector (second admission level) from May 27, 1998 till July 07, 1999. No deals have been made over securities during 289 trades. Only three bids have been put in the trade system. Thus, the Bank has had no market capitalization estimated.

Financial indexes

BANK CASPIAN OJSC compiles financial statements in accordance with Kazakhstan Accounting Standards (KAS), banking regulation, instructions and provisions of the National Bank of Kazakhstan. The Bank presented KASE with financial statements for 1998-2000 and conclusion of the auditor completed by Price Waterhouse Coopers (Almaty, Kazakhstan) according to the KAS.

Major financial indicators of BANK CASPIAN OJSC (KZT, thousands, unless otherwise indicated), the Bank's data

| Index | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | As of Apr.1 '01 |
|------------------------------|-------------------|-------------------|-------------------|--------------------|
| Authorized capital (paid-up) | 800,000 | 834,661 | 840,000 | 995,794 |
| Shareholders' equity | 1,029,042 | 1,027,081 | 1,191,222 | 1,559,914 |
| Total assets | 2,829,260 | 3,707,150 | 8,961,104 | 11,434,959 |
| Liquid assets | 820,299 | 1,789,146 | 4,827,951 | 4,109,551 |
| Credits outstanding | 1,012,845 | 1,165,885 | 3,224,888 | 5,971,793 |
| Loans and deposits | 1,676,777 | 2,535,265 | 6,773,979 | 8,426,423 |
| Operating income | 605,410 | 739,157 | 1,210,962 | 468,478 |
| Net income | 30,934 | 21,299 | 62,488 | 14,098 |
| Return on assets (ROA), % | 1.1% | 0.6% | 0.7% | 0.1% |
| Return on equity (ROE), % | 3.0% | 2.1% | 5.2% | 0.9% |

Balance sheet of BANK CASPIAN OJSC (KZT thousands), the Bank's data

| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | As of Apr.1 '01 |
|---|-------------------|-------------------|-------------------|--------------------|
| ASSETS | 2,829,260 | 3,707,150 | 8,961,104 | 11,434,959 |
| Cash | 129,617 | 198,254 | 463,325 | 278,490 |
| Deposits in the National Bank | 9,249 | 219,962 | 616,488 | 542,684 |
| Deposits in second-tier banks (excluding provisions) | 161,123 | 615,202 | 580,845 | 126,719 |
| Securities | 520,310 | 755,728 | 3,167,293 | 3,161,658 |
| Credits and leasing (excluding provisions) | 1,012,845 | 1,165,885 | 3,224,888 | 5,971,793 |
| Investments in equity capital of other legal entities | 13,350 | 14,021 | 60,521 | 60,521 |
| Clients obligations over unredeemed accepts | – | 40,602 | 89,563 | 38,174 |
| Fixed assets (minus depreciation) | 350,654 | 404,682 | 403,915 | 445,992 |
| Intangible assets (minus depreciation) | 7,793 | 15,636 | 15,091 | 14,081 |
| Other assets | 624,319 | 283,469 | 349,444 | 805,094 |
| Minus: Losses provisions on classified assets and accounts receivable | – | 6,291 | 10,269 | 10,247 |
| LIABILITIES | 2,829,260 | 3,707,150 | 8,961,104 | 11,434,959 |
| Liabilities | 1,800,218 | 2,680,069 | 7,769,882 | 9,875,045 |
| Deposits | 1,569,357 | 2,005,058 | 6,629,309 | 7,699,003 |
| Obligations to the National Bank | 170 | 170 | 170 | 170 |
| Obligations to second-tier banks and legal other entities | 107,250 | 530,037 | 144,500 | 727,250 |
| Securities of the bank | – | – | – | 1,048,462 |
| The Bank's obligations over unredeemed accepts | 852 | 20,430 | 75,113 | 95,218 |
| Other liabilities | 122,589 | 124,374 | 920,790 | 304,942 |
| Capital | 1,029,042 | 1,027,081 | 1,191,222 | 1,559,914 |
| Authorized capital (minus bought out shares) | 800,000 | 834,661 | 840,000 | 995,794 |
| Additional capital | 26,957 | – | 7,472 | 81,569 |
| Reserve capital | 67,316 | 98,250 | 119,548 | 119,548 |
| Fixed assets revaluation fund | 43,626 | 35,192 | 29,758 | 29,642 |
| Revaluation reserves | 25,143 | 4,049 | 128,191 | 252,895 |
| Undistributed net profit of past periods | 4,819 | 33,630 | 36,747 | 66,368 |
| Undistributed net profit | 61,181 | 21,299 | 29,506 | 14,098 |

Income statement of BANK CASPIAN OJSC (KZT thousands), the Bank's data

| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 | As of Apr.1 '01 |
|---|-------------------|-------------------|-------------------|--------------------|
| Interest income | 192,935 | 179,368 | 616,337 | 288,575 |
| Interest expenses | 57,553 | 35,445 | 180,789 | 94,054 |
| Net interest income | 135,382 | 143,923 | 435,548 | 194,521 |
| Non-interest income | 412,475 | 559,789 | 594,625 | 179,903 |
| Non-interest expenses | 439,688 | 702,775 | 941,553 | 270,793 |
| Net operational income before reserve payments | 108,169 | 937 | 88,620 | 103,631 |
| Reserve on coverage of losses on classified items and conditional liabilities | 132,745 | 128,682 | 95,385 | 75,399 |
| Net operational income after reserve payments | -24,576 | -127,745 | -6,765 | 28,232 |
| Revenues from assets sale | 63,302 | 159,603 | 66,791 | 182 |
| Unforeseen items | 19,483 | 29,804 | 72,510 | 6,022 |
| Pretax income | 58,209 | 61,662 | 132,536 | 34,436 |
| Tax payments | 27,275 | 40,363 | 70,048 | 20,338 |
| Net income | 30,934 | 21,299 | 62,488 | 14,098 |

Cash flow statement of BANK CASPIAN OJSC (KZT thousands), the Bank's data

| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 |
|---|-------------------|-------------------|-------------------|
| Net income cash flows | 22 064 | -45 846 | -280 997 |
| Cash flows from operating activity | -493 078 | 813 854 | 416 794 |
| Cash flows from investment activity | -98 261 | -70 733 | -64 870 |
| Cash flows from financial activity | 533 475 | 11 470 | 10 675 |
| Net increase (decrease) of money | -35 800 | 708 745 | 81 602 |
| Non-cash flow operations | -73 941 | 24 684 | 445 638 |
| As of the beginning of year | 409 730 | 299 989 | 1 033 418 |
| As of the end of year | 299 989 | 1 033 418 | 1 560 658 |
| Cash flows | -109 741 | 733 429 | 527 240 |

Balance sheet of BANK CASPIAN OJSC audited by Price Waterhouse Coopers, (KZT thousands)

| Item | As of Jan.1'99 | As of Jan.1'00 | As of Jan.1'01 |
|---|-------------------|-------------------|-------------------|
| ASSETS | 2,816,173 | 3,693,660 | 8,956,450 |
| Cash | 381,017 | 198,254 | 463,325 |
| Deposits in the National Bank | 9,249 | 219,962 | 616,488 |
| Deposits in second-tier banks | 161,123 | 615,202 | 580,845 |
| Securities | 520,310 | 755,728 | 3,167,293 |
| Credits and leasing | 978,904 | 1,165,885 | 3,222,184 |
| Investments in equity capital of other legal entities | 13,350 | 13,821 | 60,521 |
| Clients obligations over unredeemed accepts | – | 40,602 | 89,563 |
| Fixed assets | 436,171 | 404,682 | 403,915 |
| Intangible assets | 7,793 | 15,636 | 15,091 |
| Other assets | 308,256 | 263,888 | 337,225 |

| Item | As of | As of | As of |
|---|------------------|------------------|------------------|
| | Jan.1'99 | Jan.1'00 | Jan.1'01 |
| LIABILITIES | 2 816 173 | 3 693 660 | 8 956 450 |
| Liabilities | 1 801 636 | 2 688 012 | 7 781 154 |
| Deposits | 1 569 357 | 2 005 058 | 6 629 309 |
| Obligations to the National Bank | 170 | 170 | 170 |
| Obligations to second-tier banks and legal other entities | 107 250 | 530 037 | 144 500 |
| The Bank's obligations over unredeemed accepts | – | 20 430 | 75 113 |
| Other liabilities | 124 859 | 132 317 | 932 062 |
| Capital | 1 014 537 | 1 005 648 | 1 175 296 |
| Authorized capital | 800 000 | 834 661 | 840 000 |
| Additional capital | 27 062 | – | 7 472 |
| Reserve capital | 67 316 | 98 250 | 119 548 |
| Fixed assets revaluation reserve | 123 857 | 35 192 | 29 758 |
| Revaluation reserves | 25 143 | 4 049 | 128 191 |
| Production development fund | 4 819 | – | – |
| Undistributed net profit | -33 660 | 33 496 | 50 327 |

Income statement of BANK CASPIAN OJSC audited by Price Waterhouse Coopers, (KZT thousands)

| Item | As of | As of | As of |
|---|----------------|----------------|----------------|
| | Jan.1'99 | Jan.1'00 | Jan.1'01 |
| Interest income | 191,661 | 175,080 | 621,899 |
| Interest expenses | 57,553 | 37,077 | 179,157 |
| Net interest income | 134,108 | 138,003 | 442,742 |
| Non-interest income | 408,095 | 558,764 | 594,625 |
| Non-interest expenses | 445,628 | 640,934 | 937,891 |
| Net operational income before reserve payments | 96,575 | 55,833 | 99,476 |
| Reserve on coverage of losses on classified items and conditional liabilities | 166,686 | 94,741 | 99,843 |
| Net operational income after reserve payments | -70,111 | -38,908 | -367 |
| Revenues from assets sale | 55,522 | 154,317 | 66,791 |
| Unforeseen income | 19,483 | 38,450 | 72,887 |
| Unforeseen loss | 54,533 | 9,462 | 377 |
| Pretax income | -49,639 | 144,397 | 138,934 |
| Tax payments | 27,275 | 49,795 | 70,939 |
| Net income | -76,914 | 94,602 | 67,995 |

Cash flow statement of BANK CASPIAN OJSC audited by Price Waterhouse Coopers, (KZT thousands)

| Item | As of | As of | As of |
|---|----------------|------------------|------------------|
| | Jan.1'99 | Jan.1'00 | Jan.1'01 |
| Net income cash flows | 84,829 | -66,836 | -289,024 |
| Cash flows from operating activity | -176,548 | 577,958 | 427,246 |
| Cash flows from investment activity | -98,261 | -70,533 | -64,870 |
| Cash flows from financial activity | 533,580 | 11,470 | 10,675 |
| Net increase (decrease) of money | 343,600 | 452,059 | 84,027 |
| Non-cash flow operations | -201,941 | 29,970 | 443,213 |
| As of the beginning of year | 409,730 | 551,389 | 1,033,418 |
| As of the end of year | 551,389 | 1,033,418 | 1,560,658 |
| Cash flows | 141,659 | 482,029 | 527,240 |

In the opinion Price Waterhouse Coopers, consolidated financial statements of the Bank give a reliable representation of financial situation of the bank in all necessary aspects as of December 31, 1998, 1999, and 2000 as well as consolidated income and cash flow statements for indicated periods. All statements have been compiled according to accounting standards of the National Bank.

Dynamics of financial indicators

According to financial statements of BANK CASPIAN OJSC, its authorized capital increased from KZT1,029m to KZT1,560m for the period from early 1998 to 1st April, 2001. The biggest growth was recorded in first quarter 2001 - by KZT369m or 30.98%. The growth of the first level capital estimated according to methodology of the National Bank was conditioned by floatation of the Bank's shares (KZT230m) and increase in undistributed income figure (KZT29.6m). The second level capital grew up for the account of revaluation of long-term investments (KZT125m) and lowering of current income by KZT15.4m (net income equaled KZT14m and was higher by KZT8.3m than in corresponding period of last year).

From the beginning of 1998 till April 1, 2001, the Bank's assets increased from KZT2,829m to KZT11,435m. In first quarter assets increased by KZT2,473m or 27.61%. As of Jan.01, 2001 assets equaled KZT8,961m (KZT3,707m in 1999). The growth of assets is mainly attributed to:

- growth of credit portfolio (minus provisions) from KZT1,166m to KZT3,225m (176.6%)
- increase of investments into securities (sovereign eurobonds) from KZT756m to KZT3,167m (319.1%)
- growth of funds and cash from KZT1,033m to KZT1,661m (60.7%)

The main part of assets (79%) consists of investments in securities - KZT3,162m and credits granted - KZT5,972m.

Structure of the investment portfolio of BANK CASPIAN OJSC (thousands tenge)

| Investment portfolio | 1998 | 1999 | 2000 | as of Apr.01, 2001 |
|-------------------------------|----------------|----------------|------------------|--------------------------|
| Eurobonds of Kazakhstan | – | – | 2,482,601 | 2,635,216 |
| MEAKAM | 520,000 | – | – | – |
| MEOKAM | – | – | – | 372,728 |
| MEKKAM | 310 | 655,728 | 330,818 | 110,343 |
| MEKAVM | – | – | 311,327 | – |
| Notes of the National Bank | – | 100,000 | – | – |
| Corporate bonds | – | – | 42,547 | 43,371 |
| Total debt obligations | 520,310 | 755,728 | 3,167,293 | 3,161,658 |

Credit portfolio. As of Apr.01, 2001, credit portfolio of BANK CASPIAN OJSC including credits granted to banks equaled KZT6,145m or 53.7% of assets figure. Credits to legal entities amounts 95.6%, personal lending - 4.3% of the total credits. As of Jan.01, 2001, the net credit portfolio (minus provisions) reached KZT3,225m and increased up to KZT5,972m during first quarter 2001. Credit portfolio is financed using attracted deposits and loans of other banks. The Bank credit policy is rather conservative. Nevertheless, the Bank's activity largely depends on economic conditions of clients, development of the private sector and general economic situation in the country.

Quality of credit portfolio

| Credit portfolio | as of Jan.01, 1999 | | as of Jan.01, 2000 | | as of Jan.01, 2001 | | as of Apr.01, 2001 | |
|-------------------------------|-----------------------|------------|-----------------------|------------|-----------------------|------------|-----------------------|------------|
| | KZT th | % | KZT th | % | KZT th | % | KZT th | % |
| Standard | 826,302 | 73.5 | 1,047,199 | 85.7 | 2,432,294 | 73.1 | 4,956,164 | 80.6 |
| Substandard | 69,484 | 6.2 | 20,089 | 1.7 | 790,501 | 23.8 | 1,044,199 | 17 |
| at due interest payments | 61,085 | 5.4 | 20,089 | 1.7 | 667,525 | 20.1 | 896,895 | 14.6 |
| at overdue interest payments | 8,399 | 0.8 | – | – | 122,976 | 3.7 | 147,304 | 2.4 |
| Unsatisfactory | 38,575 | 3.4 | 130,840 | 10.7 | 10,194 | 0.3 | 21,583 | 0.4 |
| Doubtful with high risk level | 183,872 | 16.4 | 1,190 | 0.1 | 79,686 | 2.4 | 29,540 | 0.5 |
| Bad | 5,541 | 0.5 | 22,360 | 1.8 | 14,081 | 0.4 | 93,274 | 1.5 |
| Total | 1,123,774 | 100 | 1,221,678 | 100 | 3,326,756 | 100 | 6,144,760 | 100 |

Formed provisions

| Credit portfolio | as of Jan.01, 1999 | | as of Jan.01, 2000 | | as of Jan.01, 2001 | | as of Apr.01, 2001 | |
|-------------------------------|-----------------------|------------|-----------------------|------------|-----------------------|------------|-----------------------|------------|
| | KZT th | % | KZT th | % | KZT th | % | KZT th | % |
| Standard | | | | | | | | |
| Substandard | 3,893 | 3.5 | 1,005 | 1.8 | 45,674 | 44.9 | 59,577 | 34.5 |
| at due interest payments | 3,054 | 2.7 | 1,005 | 1.8 | 33,376 | 32.8 | 44,847 | 26.0 |
| at overdue interest payments | 839 | 0.8 | – | – | 12,298 | 12.1 | 14,730 | 8.5 |
| Unsatisfactory | 9,559 | 8.6 | 31,833 | 57.1 | 2,270 | 2.2 | 5,345 | 3.1 |
| Doubtful with high risk level | 91,936 | 82.9 | 595 | 1.1 | 39,843 | 39.1 | 14,771 | 8.5 |
| Bad | 5,541 | 5.0 | 22,360 | 40.0 | 14,081 | 13.8 | 93,274 | 53.9 |
| Total | 110,929 | 100 | 55,793 | 100 | 101,868 | 100 | 172,967 | 100 |

Analysis of credit portfolio shows that the ratio of standard and substandard credits (due interest payments) has grown and as of Apr.01, 2001 equaled 95.2% of total credits. As of Jan.01, 2001 and 2000 it equaled 93.2% and 87.4% correspondingly. As of Apr. 01, 2001 provisions totaled 2.8% of the credit portfolio compared to 3.1%, 4.6% and 9.9% in early 2001, 2000, 1999 correspondingly.

Sources of financing

The main source of cash flows of the Bank is deposits. In first quarter 2001 deposits reached KZT7,699m and increased 215.8% compared the same period of last year. As of Apr. 01, 2001 deposits of legal entities equaled 90.1% of total amount. As of Jan.01, 2001, total volume of deposits reached KZT6,629m (230.6%). Demand deposits took 40.4% of the total value.

Structure of financial sources of BANK CASPIAN OJSC (KZT thousands)

| Item | 1998 | 1999 | 2000 | 1 q. - 2001 |
|---|------------------|------------------|------------------|------------------|
| Demand deposits | 1,470,027 | 1,682,867 | 4,374,064 | 4,007,422 |
| Time deposits | 100,442 | 256,577 | 2,253,947 | 3,683,294 |
| Saving deposits | 1,419 | 65,614 | 1,298 | 8,287 |
| Total deposits of clients | 1,569,357 | 2,005,058 | 6,629,309 | 7,699,003 |
| Debt to the National Bank | 170 | 170 | 170 | 170 |
| Account and loans of the financial institutions | 107,250 | 530,037 | 144,500 | 727,250 |
| Other | 123,441 | 144,804 | 995,903 | 1,448,622 |
| Total | 1,801,636 | 2,688,012 | 7,781,154 | 9,875,045 |

The major depositors are corporate clients, small and medium scale enterprises and individuals. Beginning from 1999, the Bank repays interest at rates of 2-4% for USD demand deposits and of 2-5% for KZT demand deposits.

Income and expenses

Profitable assets of BANK CASPIAN OJSC (KZT thousands)

| Item | | | | As of Apr.01, 01 |
|--------------------|-----------|-----------|-----------|------------------|
| | 1998 | 1999 | 2000 | |
| Profitable assets | 1,805,207 | 2,592,608 | 7,074,894 | 9,433,137 |
| Interbank deposits | 161,123 | 615,202 | 580,845 | 126,719 |
| Interbank credits | 257,739 | 347,378 | 33 | – |
| Credits to clients | 866,035 | 874,300 | 3,326,723 | 6,144,760 |
| Securities | 520,310 | 755,728 | 3,167,293 | 3,161,658 |

Structure of the net interest income of BANK CASPIAN OJSC (KZT thousands)

| Item | | | | As of Apr.01, 01 |
|---|----------------|----------------|----------------|------------------|
| | 1998 | 1999 | 2000 | |
| Interest income: | 192,935 | 179,368 | 616,337 | 288,575 |
| Income from credits to clients | 128,363 | 133,841 | 377,766 | 195,199 |
| Income from banking credits and deposits | 33,603 | 38,027 | 31,476 | 4,288 |
| Interest on securities | 30,969 | 7,500 | 206,913 | 89,088 |
| Income from repo operations | – | – | 182 | – |
| Interest expenses: | 57,553 | 35,445 | 180,789 | 94,054 |
| Expenses on deposits of clients | 43,186 | 25,512 | 130,090 | 62,678 |
| Expenses for banking loans and deposits | 7,741 | 9,893 | 35,458 | 24,549 |
| Interest on loans of financial institutions | – | 1,632 | 2,636 | 363 |
| Other expenses related to interest payments | 6,626 | 40 | 15,241 | 6,827 |
| Net interest income | 134,108 | 138,003 | 442,742 | 194,521 |

As of Apr. 01, 2001, the gross interest income equaled KZT289m that is 196.9% higher than in first quarter of 2000. Net interest income grew by 176.4%. the gross interest income in 2000 grew up 243.6% and equaled KZT616m. Growth of interest income was mainly caused by increase of shares of the profitable assets in the assets portfolio. As of Apr. 01, profitable assets grew up almost 3 times or from KZT3,165m to KZT9,433m. During last year profitable assets increased 172.6%.

The gross interest expenses for first quarter 2001 increased by 250.7% and on year to year basis (2000 to 1999) by 410.1% that is higher than growth of interest income. Such excess was stipulated by increased volume of attracted funds and more higher annual rate of attracted funds denominated in foreign exchange.

In first quarter 2001, commission income of the Bank reached KZT107m or 35% higher than in similar period of 2000. In 2000, commission income grew up 85.9% and equaled KZT427m compared to KZT230m in 1999. Higher growth of commissions was caused by increase in revenues from account's management and money transfers.

The growth rates of non-interest expense during first quarter 2001 and 2000 were significantly higher than growth of non-interest income. In 2000, non-interest expenses of the Bank increased by 41.1% and 69.5% compared to 1999 and 1998. The gross non-interest expenses exceeded revenues by KZT91m in first quarter 2001 and KZT343m in 2000. This is explained by increase in expenditures on staff, office and equipment. During 2000 staff expenses grew by 41.7% and took 46.7% of the total expenses (increase in number of employees). The non-interest revenues fell down due to lowering of such operations as sale of buildings, equipment, etc. Such sales largely depend on market price fluctuations. In 2000, revenues from sale of fixed assets equaled KZT67m compared to KZT154m in 1999.

COMMENT OF THE LISTING COMMISSION

Credit portfolio

During first quarter 2001 credit portfolio of BANK CASPIAN OJSC increased by KZT2,818m or 84.7%. The shares of standard credits increased from 73.1% to 80.6%. The amount of standard credits grew up by KZT2,524m (90% of the growth of credit portfolio), substandard - KZT294m (10%). Nevertheless, significant growth of credits for such short time could imply additional changes in the portfolio structure in future.

Size of equity capital

The shareholders equity of BANK CASPIAN OJSC in the amount required for inclusion of securities into category "A" of the official listing was formed by emission of shares, whose value has exceeded nominal amount by KZT230m. Another contribution was made thought revaluation of long-term investments (sovereign euronotes) - KZT125m and increase in undistributed profit - KZT14.2m.

Revenues

By results of 1998-2000 the net operational income (after reserving) was negative (-24.6m, -127.7m and -6.8m) correspondingly. Positive financial results were reached for the account of single non-banking operations (sale of assets, unforeseen items).

Negative income figures are explained by constant increase of the non-interest income. Beside, non-interest expenses exceed corresponding revenues. This difference has grown with each year (27.2m, 143.0m and 346.9m). According to the Bank's data growth of non-interest expenses was stipulated by increase in for staff, office and equipment expenses.

In first quarter of 2001, the net operational income (after reserving) was positive and reached KZT28.2m. However, last year first quarter figure also gave positive results, while annual figure was negative.

Prepared by IRBIS agency