

# WEEK OF STOCK MARKET OF KAZAKHSTAN

## March 9 - 15

1 US dollar = **141.30** tenge at official rate for the end of the period  
 1 US dollar = **141.38** tenge at weighted average rate of the Exchange for the end of the period

### Yield of stock exchange financial instruments

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted (thanks to the market-makers) at KASE from February 24 through March 1. In parentheses – figures of previous period.

#### Investment attractiveness of stock exchange financial instruments from March 9 through 15, 2000

Financial instrument	Currency	Yield, % APR.
KZT (SS repo)	KZT	*8.65 (7.09)
KZT (PIS repo)	KZT	*14.00 (–)
AVMEKAM	USD	11.11 (11.69)
KKGBb	USD	11.86 (11.85)
KOMBb	USD	9.77 (10.33)
BTAS	USD	12.26 (11.80)
MEKKAM, notes	KZT	*15.47 (16.01)
MEKAVM, MGU	USD	*8.92 (8.54)
Euronotes-2	USD	9.76 (9.70)
Euronotes-3	USD	10.97 (11.07)

**Notes:** Yield of BTAS was calculated for 6 days by ask quotations; yield of KKGBb – as average of bid quotations; KOMBb – as average for the deals.

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.

When analyzing the figures given in the tables of current review one should take into account that from March 15 KASE, and IRBIS respectively, changed the yield to maturity calculation algorithm of coupon bonds (in this table – AVMEKAM, KKGBb, KOMBb, euronotes) that are traded at the Exchange. Previously, the yield, as an additional information on the trades, was calculated by a simplified algorithm which allows to approximately assess the full yield to maturity of the bonds based on net (without accumulated interest) prices of the quotations and the deals, expressed in percentages of par value of the securities and the debt being traded. Now, KASE specialists implemented more advanced algorithm. Therefore, from March 15 values of the yields given by IRBIS for the deals made earlier may differ from that published previously.

Average tenge devaluation rate is estimated in the week by a trend of **5.4% APR**.

### Trades in corporate securities

During observed period slightly noticeable revival was registered on trade floors of Kazakhstan stock exchange (KASE) in private issue securities (PIS) sector: volumes of concluded deals exceeded that of previous week (\$165.7 th.) by 7 times and for 8 transactions it equaled **\$1,195.3 th.**

After a long absence preferred shares of **OJSC “UTMK”** (Oskemen, official list of securities, category “A”, **UTMKp**) have reappeared on organized market, and two deals were made in them. Considering the fact that UTMKp have the same voting rights as UTMK do, and with their mandatory minimal amount of dividends (by the Charter – 10%), it seems strange that they are traded at 30% less price than UTMK.

The first place in terms of weekly turnover belongs to common shares of **OJSC “Bank CenterCredit”** (Almaty, official list of securities, category “A”, **CCBN**), which account for 41.9% of all turnover of PIS (\$500.3 th., 2 deals). Coupon bonds of **OJSC “Komirbank”** (Ekibastuz, official list of securities, category “A”, **KOMBb**) took the second place, which accounted for 30.3% of all total turnover of PIS (\$361.7 th., 2 deals).

#### Results of the trades in shares from March 9 - 15

USD per share, unless otherwise specified						
Emitter	Securities	Close	WA price	Volume	Best ask	Best bid
OJSC «Bank TuranAlem»	BTAS	74.22	–	0	74.35	76.43
OJSC «Bank CenterCredit»	CCBN	1.42	<b>1.41</b>	353 591	1.41	1.42
OJSC «Halyk Bank of Kazakhstan»	HSBK	2.00	–	0	–	2.50
«Kazakhtelecom»	KZTK	28.38	–	0	–	24.00
«Kazakhtelecom»	KZTKp	2.64	<b>2.64</b>	850	2.64	2.64

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Issuer	Securities	Close	WA price	Volume	Best ask	Best bid
OJSC «UKTMK»	UTMKp	35.00	<b>35.00</b>	9 054	35.00	35.00
OJSC «Astana-finance»	ASFI	7.15	<b>7.15</b>	1 970	7.15	7.15
OJSC «GEOTEKS»	GEOT	0.10	–	0	–	*0.08
JSC «Aktobemunaigas»	AMGZp	2.00	–	0	–	*4.00
JSC «Kazakhstancaspishelf»	KKSHp	22.73	–	0	–	*20.00
JSC «ULBA»	ULBAp	–	–	0	–	*10.00

**Results of the trades in bonds from March 9 - 15**

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

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best ask	Best bid
OJSC «KAZKOMMERTSBANK»	KKGBb	USD	12.00	–	0	13.28	11.89
OJSC «Komirbank»	KOMBb	USD	9.77	<b>9.77</b>	361.7	9.77	9.77

Notes: ask and bid 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.

Compared to previous successful trading day price of **CCBN** (by the last deal of the period) fell 6.9%, **KZTKp** – 59.4%, while price of **UTMKp** grew 3.4 times.

Data on the deals, ask and bid information are given in the tables.

By the decision of the Board of Kazakhstan stock exchange (KASE) #019/0, dated March 9, 2000, LLP “KIB ASSET MANAGEMENT Ltd.” (Almaty) was assigned a status of a **market-maker of common inscribed shares of OJSC “Bank CenterCredit”** (KASE official list of securities, category “A”, trade code **CCBN**, NIN KZ1C36280419). New market-maker started to perform its functions on KASE floor **from March 15**. Minimum volume of mandatory quotations for LLP “KIB ASSET MANAGEMENT Ltd.” has been set – **1,700 CCBN shares**. It is the size of block of shares that should be available for making a deal at any time during the trading day of KASE.

By the decision of the Board of Kazakhstan stock exchange (KASE) #021/0, dated March 16, 2000, new member of the Exchange – LLP “Tasbaka Asset management” (Almaty) was assigned a status of a **market-maker of coupon bonds of OJSC “Komirbank”** (Ekibastuz) of the first issue (KASE official list of securities, category “A”, trade code KOMBb, NIN KZ2CCAEEQCA00). This market-maker will start to perform its functions on KASE floor **from March 17**. Minimum volume of mandatory quotations for this market-maker has been set – **250 KOMBb bonds**.

Taking into account previously assigned statuses in PIS trading sector, from March 17 four market-makers will be working at KASE: OJSC “KAZKOMMERTSBANK” (specialist of its own bonds), LLP “TuranAlem Securities” (specialist on common inscribed shares of OJSC “Bank TuranAlem”), LLP “KIB ASSET MANAGEMENT Ltd.” (market-maker on common inscribed shares of OJSC “Bank CenterCredit”) and LLP “Tasbaka Asset management” (market-maker of OJSC “Komirbank” bonds).

We remind, that two more market-makers work on other trade floors of KASE: OJSC “Bank TuranAlem” (market-maker of the U.S. dollars), CJSC “Gosudarstvennyi nakopitelnyi pensionnyi fond” (market-maker of AVMEKAM).

**Capitalization of the stock market for PIS**

For March 15, 2000 total capitalization of the stock market for PIS of Kazakhstan (A+B+N without SBS) equaled **\$2,198.3 mln** or KZT310.7 bln at tenge to dollar rate of the Exchange, effective on that date. Capitalization fell \$3.1 mln relative to previous period in terms of dollars caused by a decrease in prices of common shares of OJSC “Bank CenterCredit” and preferred shares of “Kazakhtelecom” (see above).

**Trades in state securities**

A slight decline in activity of the dealers was observed in **purchase and sale sector** for SS of KASE during the period being analyzed, which can be explained by a deficit of free funds that was felt in last three days of the period. Total volume of **74 deals** reached **KZT2,316.6 mln** against KZT2,863.5 mln (48 deals) of previous similar week. As it can be seen from the table, decrease in volumes of the trades was caused exclusively by a contraction of euronotes segment. In all other segments of the market volumes of the deals are growing.

Parameters of stock exchange transactions in SS from March 9 - 15

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume,	
	min	max	last deal	weighted average	mln tenge discounted	Number of deals
<b>Discounted SS: MEKKAM-3, 6, notes of the National Bank</b>						
<b>40.0% (23.1%) of purchase and sale sector's turnover</b>						
less than 8	12.75	12.75	12.75	12.75 (10.80)	8.5	2
8 – 14	10.49	10.49	10.49	10.49 (11.86)	99.8	1
15 – 28	12.44	12.75	12.44	12.45 (12.69)	51.6	2
29 – 36	12.13	12.55	12.55	12.34 (13.37)	69.3	2
64 – 91	15.28	16.01	15.38	15.43 (14.94)	382.1	15
92 – 181	15.51	16.86	16.02	16.04 (16.55)	315.5	7
Total					926.8 (660.5)	29 (16)
<b>Discounted indexed SS: MEKAVM-6, 12, MGU</b>						
<b>16.3% (1.9%) of purchase and sale sector's turnover</b>						
43 – 56	8.95	9.03	9.03	8.96 ( -)	55.9	2
92 – 181	8.62	14.10	8.62	8.63 (8.30)	300.6	3
182 – 364	9.35	9.36	9.35	9.35 (9.28)	21.1	4
Total					377.6 (54.9)	9 (3)
<b>Indexed coupon SS: AVMEKAM</b>						
<b>9.9% (2.7%) of purchase and sale sector's turnover</b>						
1,463 - 1,469	11.07	11.43	11.09	11.11 (11.69)	229.0	7
Total					229.0 (76.1)	7 (4)
<b>Euronotes of Kazakhstan, USD</b>						
<b>33.8% (72.4%) of purchase and sale sector's turnover</b>						
*923	9.7645	9.7645	9.7645	9.76 (9.70)	28 547 311.60	1
**1,653 - 1,659	10.9088	11.0130	10.9088	10.97 (11.07)	754 720 003.88	28
Total					783.3 (2,072.2)	29 (25)
<b>SUBTOTAL</b>					<b>2,316.6 (2,863.5)</b>	<b>74 (48)</b>

**Notes:** for euronotes (\* - second issue, \*\* - third issue) and AVMEKAM yields are calculated at weighted average USD/KZT. Yields for indexed domestic SS are calculated considering official rate of USD/KZT.

The latter became more apparent in trades in indexed by devaluation securities (MEKAVM, AVMEKAM and MGU – municipal bonds of Mangistau region). Since the growth rate of the dollar has decreased only at the very end of observed period, this occurrence is considered by the traders solely temporary, the interest in currency papers is absolutely justified. Decrease in volume of trades in euronotes is likely to be caused by unwillingness of the operators to give up such attractive instrument in current situation.

In **SS repo sector** a sharp increase in volumes of the deals was registered. Tax payments of the bank clients by the results of February made the correspondent accounts of the banks empty. And almost three week “race” on currency market, when quickly growing dollar was actively bought by BST, made the participants to buy excessive amount of dollars and the market to overheat. It was hard for the banks to maintain such fast pace with their current level of monetary base. Therefore, from the second half of Monday the banks began to sell dollars to sustain their short term liquidity, and to raise money in repo sector.

Within the period **42 repo deals** were registered at KASE for a total of **KZT2,116.1 mln**, of which 20 deals (KZT1,005.8 mln) were opening of repo and 22 deals – repo closing (KZT1,110.4 mln). Last week total turnover of this sector did not exceed KZT1,670.7 mln.

Parameters of repo opening deals in SS on KASE from March 9 - 15

(in parentheses – comparable figures for previous period)

Opening date	Term of repo, days	Currency	Amount raised, mln KZT	Weighted average yield, % APR	Number of deals
March 9,00	5	KZT	50.0	7.00	4
March 10,00	3	KZT	192.2	3.50	2
March 10,00	5	KZT	100.9	8.00	2
March 13,00	1	KZT	211.2	7.05	4
March 13,00	2	KZT	125.0	8.00	2
March 13,00	3	KZT	89.4	8.00	2
March 14,00	1	KZT	150.0	15.00	2
March 15,00	8	KZT	87.1	11.50	2
<b>TOTAL</b>			<b>1,005.8 (755.1)</b>		<b>20 (10)</b>

After closing of the trades on March 15 total amount of opened repo equaled **KZT176.5 mln**. Short term liquidity of the banks was getting back to its normal levels. Current weighted average rates as of March 14 (% APR) equaled: for **3 days** (KZT89.4 mln) – **8.00**; for **8 days** (KZT87.1 mln) – **11.50**.

Interesting feature of the period is that on March 14 **in repo sector of KASE the first deal was made in PIS**. CCBN was used as an object of repo. It was repo opening deal for **\$371.7 th**. Term of repo is **260 days** at **14.00%** APR in currency terms. Taking into account this deal volume of deals in repo sector reached **KZT2,168.6 mln**.

**Total of 116 deals** amounting to **KZT4,432.8 mln** were made **on trade floors of KASE** during last period (purchase and sale and repo sector). Last week volume of 66 deals was KZT4,534.2 mln.

In this week **share of the stock market turnover** in total volume of deals on Kazakhstani secondary market for SS for comparable operations (including euronotes and repo operations) equaled **68.2%**, for last week it was 69.6%.

## Information about the companies

**OJSC “Halyk Bank of Kazakhstan”** (Almaty, official list of securities, category “A”) according to listing requirements, has presented KASE protocol of extraordinary General meeting of shareholders, which was held on February 11, 2000.

Before the shareholders began the discussion of scheduled topics the Chairman of the Halyk Bank of Kazakhstan Marchenko G.A. made a speech. He has noted that the attraction of the deposits of the population is the most important work of all banking system now. For its strengthening the National Bank of Kazakhstan in cooperation with other banks of the second tier has undertaken some concrete actions, including creation of the fund for insurance of time deposits of private persons.

According the agenda, the changes and amendments to the Charter of the bank, concerning the election of the Chairman of the Board and his early dismissal by  $\frac{3}{4}$  of total number of voting (issued) shares, were submitted for the consideration of the meeting. (According to the acting Regulations, this question is an exclusive competence of the Board of directors). The majority has voted against changes and amendments into the Charter of the bank.

Besides new eight persons of the Board of directors with one year term of office have been elected at the meeting, including:

- Abdulina Nailya Kurmanbekovna - Vice-president of the National Bank of Kazakhstan;
- Abuov Mirbulat Gaisinovich - General director of LLP “Delta”;
- Dosaev Erbolat Askarbekovich - Vice-minister of finance of Kazakhstan;
- Masimov Karim Kazhimkanovich - Chairman of Board of OJSC “Halyk Bank of Kazakhstan”;
- Ospanov Erbolat Serikovich - Chairman of Board of CJSC “Kompanya po inostrannomu strakhovniu “Kazakhinstrakh”;
- Rakhanov Maksudbek Smagulovich - Chairman of State Property and Privatization Committee of Kazakhstan;
- Sartbaev Medet Maksutovich - Vice-minister of economy of Kazakhstan;
- Smagulov Kairat Moldahmetovich - First deputy of the Chief of the Prime Minister of Kazakhstan Office.

After the discussion of the agenda the shareholders have listened the speech of Masimov K.K., the Chairman of Board of OJSC “Halyk Bank of Kazakhstan”, concerning current business condition of the bank and the activities of the management aimed at solving strategic tasks.

He has presented preliminary figures for 1999:

- bank’s assets have grown by 42.8% to previous year and have equaled KZT56.8 bln;
- liabilities have grown by 46.0% and have equaled KZT51.0 bln (of which KZT45.5 bln - client deposits, gain is 48.9%);
- shareholders’ equity has increased by 20.5% and has equaled KZT5,789 mln;
- authorized capital has increased by KZT603.2 mln at KZT3,615.1 mln.
- population’s deposits have grown by 39% and have equaled KZT29 bln;
- remaining amounts in accounts of legal entities have grown by 68.6% and have equaled KZT16.5 bln;
- loan portfolio has increased by 15.3% and has equaled KZT20.7 bln.

It is also stated in the report that one of the main events, which will determine the Bank’s strategy for the nearest future, is the transfer of OJSC “Kazpost” shares to OJSC “Halyk Bank of Kazakhstan”. According to the resolution of government of Kazakhstan, dated December 12, 99 “About reorganization of the republican state postal service enterprise and its branches” OJSC “Kazpost” has been created with 100% of state participation. The transfer of OJSC “Kazpost” state owned block of shares to the management of the bank will considerably increase the potential of both companies.

Besides, Masimov has listed other strategic tasks of the Bank:

- renewal of the company through revision of its strategy, procedures and operations with subsequent redistribution of money and human resources with the purposes of competitiveness increase;
- development of the information technologies, in particular - introduction of the “Korvus” Russian operational system, which allows to accelerate payments, to reduce operational risks, and provides additional control opportunities.

The statement was finished by the message concerning opening of the Bank's representative in Beijing on November 24, 1999, which was the first stage of realization of the Bank's business interests outside of Kazakhstan.

In the end Smagulov K.A., the First deputy of the Chief of the Kazakhstan's Prime Minister Office has explained why Government (block of shares - 50% plus one share) has voted against modification and additions in the Charter of the bank regarding the reelection of the chairman of the Board. As he said, OJSC "Halyk Bank of Kazakhstan" is one of the backbone banks of the country. In this connection it is correct to conduct policy of the bank with a definite share of conservatism. The bank should be stable. In the nearest 2-3 years privatization of the Bank is not planned.

**OJSC "Astana-finance"** (Astana, official list of securities, category "B") has informed Kazakhstan Stock Exchange (KASE) about annual General meeting of shareholders to be held on March 30, 2000 with the following agenda:

- Approval of report of the Board of OJSC "Astana-finance" concerning results of 1999.
- Approval of the annual financial statements and the report of the Revision commission of the company.
- Approval of net income distribution order.
- Approval of dividends by the results of the year.
- Election of the Revision commission members.
- Making a decision on increase in liabilities of the company to an amount equal to 25% or more of the company's shareholders' equity, including:
  - increase in LLP "Talion" authorized capital;
  - approval of the deals connected to "City-Palace" project.

If the quorum is not reached the next shareholders meeting will be held on March 31, 2000.

**OJSC "Temirbank"** (Almaty, official list of securities, category "A") has informed Kazakhstan stock exchange (KASE) of annual general shareholders meeting to be held on April 28, 2000 with following agenda:

- Report of the Board of the bank on the results of OJSC "Temirbank" in 1999.
- Conclusion of the Revision commission on the results of auditing of the bank in 1999.
- On distribution of net income and charging dividends by 1999 results.
- On making changes and amendments to the Charter of OJSC "Temirbank".
- On issuance of the bank's own bonds.
- On changing the structure of the Board of directors of the bank.
- On changing the structure of the Revision commission of the bank.
- On changing the structure of the Accounting commission of the bank.
- Miscellaneous.

If the quorum is not reached the next shareholders meeting will be held on April 29, 2000.

## **New members of KASE**

By the decision of Exchange Council of Kazakhstan Stock Exchange (KASE) of March 15, 2000 **LLP "Tasbaka Asset management"** (Almaty) has been granted KASE membership under the four categories – "K", "P", "H", "C" and it is allowed to participate in trades in SS, PIS, state block of shares, and futures contracts that are traded at KASE. The new member of the Exchange has the license of the National securities commission (NSC) #0401200134 of December 15, 99 to engage in brokerage and dealing activities on the stock market with the right to handle client accounts as a nominal holder, and the license of NSC #0403200017, dated December 20, 1999, to manage securities portfolio. Announced and paid authorized capital of **KZT25 mln**.

By the resolution of Board of Kazakhstan Stock Exchange (KASE) #21/0 of March 16, 2000 the membership of **OJSC "Businessbank"** under the "K" category ( with the right to participate in KASE trades in state securities) has been restored. The decision was made on the basis of OJSC "Businessbank" application and due to granting the license of NSC to the Bank to engage in brokerage and dealing activities on the stock market with the right to handle client accounts as a nominal holder (resolution of NSC #491 of November 18, 1999).

## **News**

By the resolution of NSC #65 of February 26, 2000 the fourth part of the 32nd item of "Rules of activity of the security trades organizers" has been suspended **till January 1, 2001**. According to this item, shares of official list of Kazakhstan Stock Exchange (KASE) of category "A" should be **excluded from the list or transferred into lower category**, if total volume of transactions within a year does not exceed 0.5% of total number of

shares announced to be issued. The resolution gets into effect from the date it was registered with the Ministry of Justice of Kazakhstan, that is **from March 9, 2000**.

The letter of KASE to NSC, where it is said that this requirements are hard to meet for the emitters, and the listing category downturn can have a negative influence on images of listing companies. Besides, the majority of the companies were listed before the above mentioned requirement, concerning minimum annual volume, was established.

**Prepared by the agency «IRBIS»**