

WEEK OF STOCK MARKET OF KAZAKHSTAN

February 15 - 21

1 US dollar = **145.30** tenge at official rate for the end of the period
 1 US dollar = **145.28** 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 February 15 - 21. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness.

Investment attractiveness of stock exchange instruments from February 15 through 21

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
RENTb	USD	15.07 (15.00)	0 (0)	0 (0)
VITAb2	USD	13.54 (13.54)	0 (0)	0 (0)
MEKKAM, notes	KZT	*7.79 (7.87)	1,022.5 (1,281.4)	7,036.6 (8,809.2)
Securites repo	USD	*13.35 (17.06)	0.8 (30.0)	5.8 (206.4)
SMGZb1	USD	13.00 (-)	0 (0)	0 (0)
GB repo	KZT	*7.13 (6.63)	3,988.4 (3,878.4)	27,447.2 (26,663.0)
RGBRb2	USD	12.30 (12.34)	0 (0)	0 (0)
KZASb1	USD	12.00 (-)	0 (0)	0 (0)
ALKSb	USD	11.90 (11.64)	0 (0)	0 (0)
BTASb1	USD	11.47 (-)	0 (0)	0 (0)
CCBNb1	USD	10.94 (11.70)	0 (2.1)	0 (14.4)
KARMB1	USD	10.90 (10.90)	0 (0)	0 (0)
ATFBb	USD	10.52 (10.60)	0 (15.1)	0 (103.6)
HSBKb	USD	10.50 (10.50)	0 (0)	0 (0)
KZOLb	USD	10.40 (10.41)	11.2 (29.1)	77.0 (199.9)
KZTOb	USD	10.17 (10.20)	0 (14.5)	0 (99.8)
TMJLb	USD	9.90 (10.02)	161.6 (107.9)	1,111.9 (742.1)
KKGBe2	USD	9.58 (9.58)	0 (0)	0 (0)
TEBNb	USD	8.48 (8.30)	0 (0)	0 (0)
Euronotes-4	USD	8.43 (8.45)	654.2 (2,213.1)	4,501.8 (15,214.7)
MEKAVM	USD	*8.28 (5.75)	64.1 (579.0)	441.3 (3,980.1)
Euronotes-3	USD	7.71 (7.71)	794.4 (1,132.9)	5,466.9 (7,788.1)
Euronotes-2	USD	7.57 (7.05)	315.5 (6.1)	2,171.5 (42.0)
KKGBb	USD	3.53 (7.00)	0 (1.0)	0 (7.1)

Notes: yields of KZOLb and TMJLb 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 **negative 5.66% APR** (tenge revalued against dollar).

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

INDICATORS OF INTERBANK DEPOSIT MARKET

Following is the table of mean values of interbank offering rates (KIBOR), calculated by the quotations put out by the banks in the trade system of KASE. The trend reflects the change of the indicator relative to the last day of previous period. Minimum quotation volume is KZT15 mln. The quotations are indicative meaning that participants do not have to conclude deals on given terms.

Indicators of Kazakhstan interbank deposit market as of February 21, 4:00 PM ALT and changes during the week

Term	Currency	Rate	Trend
1 week	KZT	8.60	+1.18
2 weeks	KZT	9.35	+1.18
1 month	KZT	10.40	+1.32
2 months	KZT	11.35	+1.43
3 months	KZT	12.00	+1.25

During the period the offering rates were increasing. By the information of the bank dealers their clients were making big budgetary payments during the week, which have affected short-term liquidity of the BST negatively. Even the repayment of GB, which traditionally lowers the rates, had a symbolic impact on their behaviors on February 19. During other days interbank money market was certainly downward looking, while the rates were growing as the period was drawing to its end.

THE SECURITIES SECTOR (SS)

Secondary market

During observed period 13 deals amounting to **\$1,195.3 th.** were made in **purchase and sale sector** of the securities on trade floors of the KASE. Relative to previous period (\$1,452.3 th., 15 deals) weekly turnover of the sector decreased by 17.7%. Just like in last week, absolute leaders of this week were **coupon bonds of Kazakhstan Temir Joly** (KZ2CLALN6A19, official list of the KASE securities, category “A”, TMJLb), with their proportion reaching 93% of total volume. For other securities, traded during the week, volumes of the deals were insignificant.

By the last deals of the period the price of KZCRp decreased 2.5 times relative to the previous successful trades, SSGPp grew by 0.4%. The values of ALKZp and EAECp did not change. The yields of KZOLb bonds fell from 10.4149% to 10.3951%, TMJLb – from 10.0159% to 9.8502% APR.

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 February 15 - 21

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
Aliumini Kazakhstana OJSC	ALKZp	*0.4120	0.4120	6 594	0.4120	0.4120
Aktobemunaigas JSC	AMGZp	*14.95		0		*15.00
Bank TuranAlem OJSC	BTAS	69.10		0	71.60	71.00
Bank CenterCredit OJSC	CCBN	1.2737		0	1.3422	1.3753
Evroziatskaya energeticheskaya korporatsya OJSC	EAECp	*2.40	2.40	1 429	2.40	2.40
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0	0.9000	1.8000
KAZKOMMERTSBANK OJSC	KKGB	80.0000		0	0.2500	0.5000
TNC Kazchrome OJSC	KZCRp	*2.408	2.408	25	2.408	2.408
Kazakhtelecom	KZTK	14.500		0	13.500	16.500
Kazakhtelecom	KZTKp	11.000		0	8.000	12.000
Rakhat JSC	RAHT			0	*0.4200	
SAUR OJSC	SAYR			0		*0.3400
SSGPO JSC	SSGPp	*2.75	2.75	31	2.75	2.75
SHNOS OJSC	SYRG	1.6300		0	1.3000	
Temirbank OJSC	TEBN	*1.095		0	0.688	3.500
UKTMK OJSC	UTMK	*50.000		0	5.000	145.000
UKTMK OJSC	UTMKp	27.6000		0	5.0000	
VALUT-TRANZIT BANK OJSC	VTBN	2.5572		0	1.3767	2.5099
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0	1.3767	2.2968

Results of the trades in bonds from February 15 - 21

yield for the buyer in % APR till maturity, unless otherwise specified							
Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb	USD	15.8542		0.00	17.8542	12.2042
AMB C.JSC	ATFBb	USD	10.5979		0.00	10.8930	10.5988
Bank TuranAlem OJSC	BTASb1	USD			0.00	11.8000	11.8034
Bank CenterCredit OJSC	CCBNb1	USD	11.6998		0.00	11.9888	10.9834
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.2702		0.00	12.3432	10.5000
Karazhanbasmunai OJSC	KARMB1	USD			0.00	10.9868	10.9000
KAZKOMMERTSBANK OJSC	KKGBb	USD	7.00		0.00	8.93	3.58
DAGOK Kustanaiasbest OJSC	KZASb1	USD			0.00	12.9963	12.0000
NOC Kazakhoil CJSC	KZOLb	USD	10.3951	10.3951	77.05	10.3951	10.4000
NOTC KazTransOil CJSC	KZTOb	USD	10.2000		0.00	10.2186	10.2081
RENATA LLP	RENTb	USD			0.00		*15.1251
RG BRANDS LLP	RGBRb2	USD	12.5000		0.00	12.6999	12.3000
SHAHARMUNAIGAS OJSC	SMGZb1	USD			0.00	19.0000	13.0000
Temirbank OJSC	TEBNb	USD	11.2835		0.00	14.6152	10.2978
Kazakhstan Temir Joly NSE	TMJLb	USD	9.8502	9.9017	1 111.92	9.7451	10.0001
VITA LLP	VITAb2	USD			0.00	14.4761	13.5416

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. For VITAb2 - auction deal.

The KASE index that reflects the changes in the ask bids on the shares from the official list of the Exchange's securities of the category “A”, including the market capitalization of their issuers, **grew by 0.7366** during the week, at **105.8835** at February 21 closing.

In the securities repo sector following deals were made during the week:

- 1 deal for opening of 28-day repo with common shares of VALUT-TRANZIT BANK OJSC amounting to \$412,590.00 at **13.99% APR** (declared rate) in terms of dollars;
- 1 deal for opening of 28-day repo with common shares of VALUT-TRANZIT BANK OJSC amounting to \$275,300.00 at **13.98% APR** (declared rate) in terms of dollars;

- 1 deal for opening of 16-day repo with coupon bonds of RG BRANDS LLP amounting to \$153,499.20 at **10.50% APR** (declared rate) in terms of dollars.

At the end of the period **15** indexed securities repos were opened at the trade floor of the Exchange for a total of **\$2,770.3 th**. Common shares of Bank CenterCredit OJSC, common and preferred shares of VALUT-TRANZIT BANK OJSC coupon bonds of VITA LLP and coupon bonds of RG BRANDS LLP were used as the object of repo deals. The terms vary from 16 to 215 days, and the rates in USD from 10.50 to 19.66% APR.

Changes in the trade lists

On **February 19, 2001**, by the decision of the Exchange council of the KASE of the same date, first issue **inscribed coupon bonds of Bank TuranAlem** (Almaty) were entered into category "A" of the official list of KASE securities (detailed information is given in special block).

Capitalization

On February 21, 2001 **the capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,387.9 mln** or KZT201.6 bln at tenge to dollar rate of the Exchange, effective on that date. During the week this number decreased by **\$2.0 mln** in terms of dollars was caused mainly by a decline in the value of KZCRp (see above).

The capitalization of corporate bonds market of the Exchange by their best bids, that are regularly put out by the market-makers of these securities in the trade system of the Exchange, was fixed at **\$230.7 mln** as of February 21, or KZT33,515.7 mln. In nominal value (total face value of the bonds that were entered into trade lists of KASE) is estimated at **\$236.8 mln** as of this check date, or KZT34,399.5 mln.

SECTOR OF GOVERNMENT BONDS (GB)

In **GB purchase and sale sector** of KASE total volume of 84 deals equaled **KZT3,379.1 mln**. Last week the turnover reached KZT6,073.8 mln with 128 deals made. Difficulties that the banks had with free tenge in the second half of the week traditionally affected the volumes of the deals in this sector. It caused the money to flow into the repo sector, which is unusual. Here the banks were attracting the money of the PAMC at almost two times greater rates. The most noticeable changes in the turnover structure of the GB purchases and sales were induced by the firming of the tenge against the U.S. dollar. It has increased the proportion of MEKKAM and notes in the circulation at the expense of an trading frequency of MEKAVM, which are indexed towards the devaluation.

Parameters of stock exchange transactions in GB from February 15 - 21

(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 GB: MEKKAM-12, notes						
					30.3% (21.1%) of purchase and sale sector's turnover	
less than 8	6.37	6.37	6.37	6.37 (6.56)	0.1	1
8 - 14	5.50	10.14	10.14	5.85 (5.09)	70.0	4
15 - 28	6.30	7.77	7.77	7.44 (6.44)	81.5	4
29 - 36	6.10	8.55	6.94	6.94 (6.95)	164.5	7
37 - 42	6.48	6.48	6.48	6.48 (6.78)	49.6	1
64 - 91	7.18	11.01	8.01	8.04 (8.00)	472.3	11
182 - 364	8.00	10.54	8.01	8.06 (-)	184.5	3
Total					1,022.5 (1,281.4)	31 (26)
Discounted indexed GB: MEKAVM-12						
					1.9% (9.5%) of purchase and sale sector's turnover	
15 - 28	7.08	8.02	8.02	7.97 (5.60)	64.1	3
Total					64.1 (579.0)	3 (2)
Coupon GB: MEOKAM-36						
					15.6% (11.2%) of purchase and sale sector's turnover	
603 - 1,087	14.80	17.29	16.02	16.38 (16.54)	528.4	15
Total					528.4 (681.4)	15 (19)
Euronotes of Kazakhstan, USD						
					52.2% (55.2%) of purchase and sale sector's turnover	
*581 - 587	7.05	7.96	7.56	7.57 (7.05)	315.5	8
**1,317 - 1,323	7.65	7.72	7.71	7.71 (7.71)	794.4	9
***2,241 - 2,246	8.41	8.50	8.41	8.43 (8.45)	654.2	18
Total					1,764.1 (3,352.1)	35 (70)
SUBTOTAL					3,379.1 (6,073.8)	84 (128)

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

In **GB repo sector 116 deals for a total of KZT9,878.2 mln** were made during the period. Of this number 61 deals (for KZT3,988.4 mln) were repo opening deals and 55 (KZT5,889.8 mln) were repo closing deals. Last period the turnover of this sector of the market was registered at KZT6,177.9 mln. After closing of the trades on February 21 total amount of opened repo equaled **KZT2,418.2 mln**. Current weighted average rates as of

February 21 (% APR) equaled: for 1 day – 8.31; for 2 days – 6.55; for 3 days – 7.00; for 7 days – 6.82; for 9 days – 8.50; for 11 days – 7.00; for 13 days – 7.00; for 28 days – 6.95; for 29 days – 8.00; for 30 days – 8.00.

Total of 200 deals amounting to **KZT13,257.3 mln** were made in GB on trade floors of KASE during last week (purchase and sale and repo sector). A week ago volume of 198 deals was KZT12,251.7 mln.

In this week **proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GB for comparable operations (including euronotes and repo operations) equaled **77.8%**, for last week it was 75.8%.

INFORMATION ON COMPANIES

RG BRANDS LLP (Almaty; the production and sales of natural juices and beverages, offering marketing services) informed the agency IRBIS (Almaty) that it is eliminating the remarks of the Kazakhstan Stock Exchange (KASE) Listing commission, which were published in the comments of the commission regarding the passing of the bonds the listing of the KASE under category “A”. These remarks were published by the IRBIS in its news, as well as in weekly newspaper PANORAMA.

In remarks of the KASE listing commission it was said that the company had KZT471.8 mln long-term accounts receivable to be repaid in 5 years in its financial statements for 9 months of 2000. In January 2001 RG BRANDS LLP restructured this liability into short-term liability, which increased up to KZT590.2 mln. Based on the issuer's data, supported by corresponding documents, the principal amount of short-term accounts receivable at KZT557 mln **have been paid back now**.

In its conclusions the KASE Listing commission emphasized transactions conducted by RG BRANDS LLP with related parties. Particularly, it was mentioned that there were significant amounts of other accounts receivable, receipts and payments in the cash flow statement of RG BRANDS LLP, which, in the opinion of the Listing commission, indicates the distribution of money among the subsidiary companies of Resmi Group LLP (Almaty). In its message RG BRANDS LLP informed the agency IRBIS that possible cash flows among the subsidiaries of Resmi Group LLP will become transparent in the future, since based on the KASE requirements, RG BRANDS LLP has to provide the Exchange with **consolidated financial statements of Resmi Group LLP** on a quarterly basis.

In the opinion of RG BRANDS LLP management, the company's ability to meet its bond obligations can not be doubted, since throughout the company's history the partnership had been paying its debt on time, particularly, it has met its obligations on the first bond issue. “The absence of the factors that can stop the payments prove the company as a solid borrower once again”, reads the message of RG BRANDS LLP.

In characteristics of the risks associated with the change in the legislature, the KASE draws the attention to the changes and amendments to the Regulations on the securities listing of the Exchange that will go into effect on April 1, 2001. These changes and amendments have been approved by the resolution #765 of the National Securities Commission of Kazakhstan Directorate on January 27, 2001. The new wording of the Regulation excludes the presence of the securities issued by the partnerships in the official list of the KASE securities under category “A”. For this RG BRANDS LLP replies that presently the company is undergoing the re-registration process from “limited liability partnership” into “open joint stock company”. The company plans to meet all necessary requirements of the KASE norms shortly and thus, **prevent the risk of lowering the official list category**.

On February 16, 2001, the National Securities Commission of Kazakhstan registered the first issue of **Shymkentnefteorgsintez OJSC bonds** (SHNOS OJSC, Shymkent, South Kazakhstan region) **for \$25 mln**. The agency IRBIS has no details of the issue parameters, since there are no official documents were presented to the Kazakhstan Stock Exchange (KASE) about these bonds.

TEMIRBANK OJSC (Almaty) send official notification letter to the Kazakhstan Stock Exchange (KASE) stating that on February 19, 2001 it paid coupon on its first issue bonds (KZ75KAMJ8A57; TEBNb; \$100; \$5 mln; Aug 19, 00 - Aug 19, 05; semiannual coupon at 11.0% APR, current market return at midprice of the market-maker - 13.3% APR) completely.

Aluminii Kazakhstana OJSC (Pavlodar, official list of securities, category “B”) presented the information on charged and actually paid dividends to common and preferred shareholders in 1999. Based on submitted data, total amount of charged dividends reached KZT583,481.1 th., including: common shares - KZT529,394 th., preferred shares - KZT54,087.1 th. Actually amount of dividends paid equaled KZT41,147.2 th. (liabilities - KZT4,899 th.), including taxes paid by the source of payment. The liability to preferred shares existed is because many shareholders did not claim their dividends since they have been abroad.

Based on the decision of the annual general shareholders meeting of September 27, 2000, beginning date of dividend payments is set on June 30, 2001 (individuals, who are entered in the register by May 31, 2001, are entitled for dividends).

KASE NEWS

From February 15, 2001, by the decision of the Exchange council of the Kazakhstan Stock Exchange (KASE) of the same date Almaty Merchant Bank CJSC, member of the Exchange was granted **a specialist status for the inscribed coupon bonds of “KazTransOil national oil transporting company”** (NOTC KazTransOil CJSC, Astana). Bonds of the first issue (KZ73LAONAA35, trade code - **KZTOb**) were admitted to the category “A” of KASE official list on Oct.20, 2000. Minimum volume of mandatory quotations for the specialists of these securities is set at **500 bonds**. New specialists will start working at the KASE **from February 19**.

Prepared by the agency «IRBIS»

First issue bonds of Bank TuranAlem OJSC were entered into the KASE listing under category “A”

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

On February 19, 2001, by the decision of the Exchange Council of Kazakhstan Stock Exchange (KASE) of the same date, first issue inscribed coupon bonds of Bank TuranAlem OJSC were admitted into official list of the Exchange's securities under category “A”.

BOND ISSUE INFORMATION

Type of the securities:	inscribed coupon bonds, indexed by the change in the exchange rate of tenge to U.S. dollar
National identification number:	KZ2CUY08A320
Number in the state register	A32
Registrar	KAZREGISTER LLP (Almaty)
Date of registration	Feb 08, 01
Face value, USD:	100.00
Issue volume, USD:	20,000,000
Issue volume, bonds	200,000
Circulation starts on	Feb 19, 01
Floatation term	8 years from circulation beginning date
Circulation term	8 years
Maturity	Feb 19, 04
Interest:	12.0% APR
Interest payment days	August 19 and February 19, annually
Time basis for coupon calculations	360/30
Fixing date of the register for coupon payments	30 days
Dates when the register is fixed for coupon payments	July 19 and January 19, annually
Fixing date of the register for the maturity	10 days
Date when the register is fixed for the maturity	February 09, 09
Servicing of the issue	in tenge at official rate of the main session on KASE, effective on the payment date
Financial consultant of the issue:	TuranAlem Securities LLP (Almaty)
Admittance date to the KASE trade lists	Feb 19, 01
Date of the first trades	Feb 20, 01
KASE trade code	BTASb1
Price deviation accuracy	4 decimal points
Market-makers at the KASE	TuranAlem Securities LLP (Almaty)

The bonds are issued without collateral.

If the coupon payment or maturity date falls on week-end (holiday), the payment will be made on the next business day. The bonds holder does not have right to demand compensation for a such kind of delays. None of the bond holders have the right to call back his bonds except for the cases specified in existing law of Kazakhstan.

The funds raised through the issue would finance increase in the bank's capitalization and diversification of its credit resources. It would also expand the time period of credits resources.

Following is a brief information on the issuer.

HISTORY

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. 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. 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.

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), 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.

GENERAL INFORMATION

Date of initial government registration – Jan.27, 1997. Legal status – open joint stock company. Ownership – private. Primary activity - banking services. Legal and actual address of the head office – 55 Aiteke bi street, Almaty 480091, Kazakhstan. Number of employees as of Oct. 01, 2000 - 2,712, of which 840 are in head office.

Bank TuranAlem OJSC has 24 regional branches, 50 cash desk departments for servicing of legal entities and 186 departments for individuals. At present, the bank has correspondent relations with 230 banks. Most active directions of such relations are Germany (Deutsche Bank AG, Dresden Bank AG, Commertz AG), USA (Bank of New York, Republic National Bank of New York, Citibank, Bankers Trust Company), united Kingdom, Sweden, France (Societe Generale), 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 TELEZ 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.

Bank TuranAlem OJSC possesses stakes in: BTA Leasing OJSC - KZT142.8 mln (100% in the authorized capital), BTA Insurance OJSC - KZT44.0 mln (40%), "Pension Fund Kazakhstan" CJSC - 37.5 mln (25.0%), TuranAlem Securities LLP - KZT28.8 mln (100%), "Pension Fund Kurmet" CJSC - KZT21.3 mln (23.7%), Kazakhstan Stock Exchange (CJSC) - KZT3.3 mln (4.2%), OUL Association of Kazakhstan Financiers - KZT0.7 mln (17.1%), Interbank Financial Chamber JSCOT - KZT0.2 mln (6.3%), Central Depository of Securities - KZT0.2 mln (0.3%).

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.

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 Dec.17, 1998 #225 (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

Thomson Bank Watch: long term unsecured debt B+; short-term (domestic currency) - LC-2; domestic rating of an issuer - IC-C/D.

Moody's: rating of long-term deposits in foreign exchange B2, positive outlook, financial stability - E+, stable outlook ;

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

CAPITAL, SHARES AND SHAREHOLDERS

As of January 01, 01 announced, issued and paid-up authorized capital of Bank TuranAlem OJSC equaled **KZT12,870,230.0 th.** The bank conducted 5 issues of shares at 10,000 tenge face value (common registered, NIN KZ1C34920412). Total number of shares - 1,287,023. The shares have non-documentary form. The register is maintained by KAZREGISTER LLP (Almaty).

According to the Bank's Regulation **amount of dividends** per share is defined after corresponding proposal of the Board that should be approved on General meeting of shareholders. According to the General meeting of shareholders dated June 06, 1998 dividends for 1997 were not accrued and paid because of losses. According to the general meetings of shareholders dated July 15, 1998 and Aug.10, 2000 dividends for 1998, 1999 were not accrued and paid. The dividends were used for discharging of previous losses.

On Sep. 09, 1999 common inscribed shares (trade code - BTAS) of Bank TuranAlem OJSC were admitted into official list of the KASE securities under category "A". These securities have been most traded at KASE during 2000. Volume of 95 deals in all market sectors reached 573,057 shares for a total of \$36.4 mln. Notably, this instrument has been many times used for REPO operations both in special market segment and purchase-and-sale sector of KASE. The bank maintains its leadership in this year too. As of Feb.20 volume of 13 deals reached \$4.2 mln. From Jan.01, 2001 to Feb.20, 2001 minimal rate of BTAS in the purchase-and-sale sector equaled \$68.80 per share, maximal - \$89.62. Last bid was made at \$69.10. TuranAlem Securities LLP executes responsibilities of a specialist on the KASE market.

As of January 01, 01 total holders of shares reached 19, including two nominal holders (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%).

BRIEF DESCRIPTION OF THE ACTIVITIES

The bank's shareholders' equity (*all figures are given in tenge unless otherwise indicated*) grew up by 4.8 bln (5.1 times) between 1997-1999, during 9 month 2000 - 2.8 bln (46.5%). In 1998 increase in shareholders' equity (3.2 bln - 3.7 times) was conditioned by increase in capital of the first level - floatation of shares of two emission (1.15 bln) and decrease of last years (3.51 bln). In 1999, 1.6 bln (37.7%) increase of shareholders' equity was caused by increase in first level capital - 676.7 mln (increase paid-up part of the authorized capital) and second level capital - 972.1 mln (growth of the net income by 886.3 mln and accumulations in reserve funds - 85.8 mln). Growth of shareholder's equity for 9 month of 2000 was caused by increase in first level capital - 2.8 bln (increase in paid-up part of the authorized capital - 1.55 bln, additional capital, - 26.0 mln and decrease in past years losses - 802.4 mln) and increase in second level capital by 551.4 mln (growth in net income - 450.8 mln and accumulations in reserve funds - 100.5 mln).

The assets of Bank TuranAlem OJSC grew by 34.0 bln, or 3.6 times for the same period (1999 to 1998 - 146.8%, 1998 to 1997 - 47.2%), in 9 months of 2000 by 28.7 bln (61.1%). The major growth of assets (27.9 bln) in 1999 and first six month 2000 (28.7 bln) falls on net loan portfolio (1999 - 59.2% of total growth in assets, 2000 - 63.7%) and securities holdings (1999 - 9.5% of total growth in assets, 2000 - 22.2%).

The structure of profitable assets of Bank TuranAlem OJSC
(1997-1999 - data of the auditors, as of Jan.01, 00 - data of the issuer)

	As of Jan.1.98		As of Jan.1.99		As of Jan.1.00		As of Oct. 1, 00	
	Th. KZT	%	Th. KZT	%	Th. KZT	%	Th. KZT	%
Assets								
LORO accounts in banks	1,037,037	9.4	2,111,939	14.1	4,022,362	10.6	3,796,482	6.1
Interbank credits and deposits	405,300	3.7	269,602	1.8	930,460	2.5	42,998	0.1
Securities	2,940,540	26.9	619,834	4.2	3,276,747	8.7	9,654,049	15.5
Clients' credits	6,568,304	60.0	11,906,626	79.9	29,513,343	78.2	48,598,327	78.3
Total	10,951,181	100	14,908,001	100	37,742,912	100	62,091,856	100

The proportion of profitable assets within total assets of the bank has had stable growth trend (1997- 77.7%, 1998 - 81.1%, 1999 - 82.0% as of October 1, 2000 - 82.2%). In 1998, profitable assets of the bank increased by 3.9 bln, or 36.1% against 1997, in 1999 - 22.8 bln or 2.5 times, for 9 months of 2000 - by 24.4 bln, or 64.7% against 1999.

One of the primary activities of the bank is trade financing and short-term credits (in tenge and forex) including issue of letter of credits and guaranties. During 1997-1999 net volume of loan portfolio grew from 5.9 bln up to 27.9 (4.7 times). Increase in net volume of the portfolio in 1998 amounted 5.5 bln or 92.2%, 1999 - 16.5 bln or 59.2%, 9 month 2000 - 18.3 bln or 63.7%. In 1999 the financing was mainly funded from issue of fifth emission of shares and borrowing from international financial organizations. In 2000 credits were financed from growth of deposit base, receipts from fifth emission, borrowing from other banks and financial entities (as of Oct. 01, 00 - 14.7 bln). According to the bank's information, its share on the corporate credits market increased from 12.7% (Jan.01,99) to 20.0% (Oct.01,00). As of Oct.01, 2000 the **structure of the loan portfolio** looked as follow:

- sectoral division: trade - 39.8%, industrial production - 22.1%, agriculture and food industry - 18.6%, information technologies and education - 6.5%, other - 13.0%;

- types of borrowers: private companies - 89.8% (at the beginning - 57.8%), state companies 1.2% (38.0%);
- in foreign exchange: credits in tenge and soft currencies - 34.0%, hard currency - 53%, credits indexed to USD - 13.0%.

Data on the quality of the loan portfolio of Bank TuranAlem OJSC

Type of the loan	As of Jan.1,98		As of Jan.1,99		As of Jan.1,00		As of Oct.1, 00	
	Th. KZT	%	Th. KZT	%	Th. KZT	%	Th. KZT	%
Standard	5,281,023	78.8	10,625,620	89.2	18,254,481	61.9	42,299,325	87.0
Substandard	471,478	7.0	620,660	5.2	9,176,585	31.1	3,045,436	6.3
Unsatisfactory	158,101	2.4	225,095	1.9	889,726	3.0	598,218	1.2
Doubtful with high risk	169,891	2.5	80,006	0.7	716,993	2.4	1,208,516	2.5
Bad	624,811	9.3	355,245	3.0	475,558	1.6	1,446,832	3.0
Total	6,705,304	100	11,906,626	100	29,513,343	100	48,598,327	100

Data on the provisions created by the loans of Bank TuranAlem OJSC

Type of the loan	As of Jan.1, 98		As of Jan.1, 99		As of Jan.1, 00		As of Oct.1,00	
	Th. KZT	%	Th. KZT	%	Th. KZT	%	Th. KZT	%
Standard	—	—	—	—	—	—	—	—
Substandard	28,341	3.7	52,584	10.5	575,217	36.1	220,619	9.2
Unsatisfactory	33,551	4.3	53,738	10.7	182,388	11.5	136,339	5.7
Doubtful with high risk	84,947	11.0	40,106	8.0	358,496	22.5	604,258	25.1
Bad	624,811	81.0	355,160	70.8	475,558	29.9	1,446,832	60.0
Total	771,651	100	501,588	100	1,591,659	100	2,408,049	100

Increase in volume of provisions in 1999 3.2 times reflects growth of the loan portfolio 2.5 times and increase of problematic credits from 5.6% to 7.1% as a result of devaluation that led worsening of economic situation for some borrowers. Increase in provisions for 9 month 2000 was caused by significant growth of the loan portfolio. It was informed that bank had been forced to lend money on short-term to avoid interest rate and default risks. As of Oct.01, 2000 share of short-term credits amounted 79.4% (including up to three month -30.6%), more than year - 17.9%, more than three years - 2.7%.

The banks has strict requirements to collateral to avoid interest rate risks. The bank accepts cash (without discount), guarantee of financial entities, real estate, consumer goods and fixed assets (discount 50-70%). As of Oct.01, 2000 unsecured credits amounted 3.3% of the loan portfolio.

Deposit of clients are the main source of financing for the bank. As of Oct.01, 2000 attracted deposits equaled 68.2% (45.7 bln) of total liabilities, of which time deposits - 20.4 bln - 44.5% of total deposits, (late 1999 - 46.8%, 1998 - 34.7%), demand deposits - 55.5% (late 1999 - 53.2%, 1998 - 65.3%, 1997- 30.4%). For 1998 volume of attracted deposits amounted 12.2 bln, 1999- 121.4% growth against 1998 or 27.0 bln, 9 month 2000 - by 18.8 bln - 69.4% amounted to 45.7 bln.

As of Oct. 2000, 59% of total deposits fall on legal entities (15% market share for corporate deposits), 41% deposits of population (25%). The bank's share on the time deposits of individuals is constantly growing. At late 1998 it equaled 16%, 1999 - 22%, as of Oct.01, 2000 - 25%. As of Sep.30, 2000 deposit rates for legal entities fluctuated between 8-14%, rates for dollar deposits - 6-11%. For individuals, the bank offers nine types of time deposits in tenge and foreign exchange. Placement period varies from one month to three years. Interest rates on deposits of individuals depend on type of deposit., placement period and currency (interest rate for tenge deposits 4-21%, forex - 4-10%).

Main share of income of the bank consists of income from interest payments for loans (As of Sep.30, 2000 rate for tenge credits equaled 20-35%, in US dollar - 9-25%) and commissions. Income from loans increased three times (1.8 bln in 1997 to 5.2 bln in October 2000) as a result of loan portfolio growth. As of Oct.01, 2000 number of accounts reached 469 th., of which 29.0 th - legal entities, 440.0 th. - individuals.

In 1999 commissions from servicing of the plastic cards amounted 24.4 mln. Bank TuranAlem considers debits and credit card business as one of the perspective on the retail market. beginning from 1994 the bank issued 90.0 th debit cards including 60.0 th. - international cards - VISA and 30.0 th. - Alem. It is expected that number of cards would reach 150 th by the end of 2000. This could result in 42 mln income from commissions.

Decline in total amount of expenses in 1998 by 7.1 bln or 3.2 times firstly relates to decrease in total amount of provisions on classified assets and conditional liabilities from 6.45 bln (1997) to 0.5 bln (1998). Growth of expenses in 1999-2000 (1999 - 4.1 bln or 2.3 times, 9 month 2000 - 1.7 bln or 23.2% against 1999) was caused by increase in interest payments. Much of this growth attributed to increase in borrowed funds, increase in provisions (growth of credits) and realization of regional development programs.

Losses in 1997 (6.3 bln) were conditioned by the need to create reserves related to activity of AB AlemBank, KAB Turanbank including: 2.1 bln - credits granted in 1997, 2.0 bln - doubtful and bad debts, 1.6 bln - conditional liabilities (letters of a credit and guarantees). In 1999 net income declined from 1,867 mln down to

886.3 mln against 1998 as a result of increase in expenses on regional branches and cash desk departments (from 147 to 253), and decline in single revenues (on unpaid suits). By results of 9 month 2000, net income of the bank totaled 1,337.1 mln that is 584.7 mln or 77.1% higher compared to same period of 1999.

CREDIT LINES

Beginning from 1997 Bank TuranAlem OJSC borrows the funds on international capital markets. In August 1997 the bank received \$8 mln for 2 years from Export Import Bank of Korea, and another \$8 mln from the European Bank for Reconstruction and Development (EBRD) in October 1998 to finance trade operations (both loans were initially granted at \$5 mln with further \$3 mln increase).

In July 1999 the bank has signed an agreement, and in August it received \$13.5 mln syndicated loan from a group of foreign banks: (ABN Amro Bank, American Express Bank Ltd., ING Barings, Dresdner Bank AG, Commerzbank AG, Rabo bank International) to finance pre-export supplies of cotton. ING Barings was the agent of the deal. The loan has been repaid on February 29, 2000.

In August 1999 Bank TuranAlem OJSC provided a bank guarantee for the EBRD \$9.8 mln loan granted to Samal Properties.

Today the bank has following existing credit lines.

Borrowing under the insurance coverage of EGAP (Czech republic). In April 1999 \$4.25 mln loan was received under the insurance coverage of EGAP from Commercni Bank (Prague) for 3 years to finance the imports of Czech equipment, and another \$2.58 mln was received from Ceskoslovenska Obchodni Bank to finance importing contract.

Insurance coverage limit from Hermes (Germany). In August 1999 Bank TuranAlem OJSC signed a number of framework contracts with the major German banks - Commerzbank AG, Deutsche Bank AG and Dresdner Bank AG. The funds were meant to finance the supplies of the newest technological equipment from Germany under an insurance coverage provided by the German insurance exporting-financing agency Hermes for a total of 50 mln Deutsche marks (increase from initial 25 mln).

Credit line of International Financial Corporation (IFC). On September 17, 1999 Bank TuranAlem OJSC and IFC, a part of the World Bank Group, signed \$15 mln loan agreement for 7 years for general purposes.

Credit line of the Asian Development Bank (ADB). Under the agriculture support program Bank TuranAlem OJSC received \$15 mln loan for 6 years in 1999.

Syndicate loan of commercial correspondent banks. On August 4, 2000 Bank TuranAlem OJSC received \$30 mln loan from a syndicate of foreign banks based on loan agreement signed on July 26, 2000. The syndicate consisted of 12 foreign banks. The loan was granted till January 31, 2001 with the option of partial prolongation for six months. The loan has been extended for 180 days for \$27 mln.

From commercial Taib Bank Kazakhstan. On August 11, 2000 a loan was received for \$1.0 mln for 6 months to finance the trade.

Line of the Islamic Development Bank. The agreement under the financial lease between Bank TuranAlem OJSC and Islamic Development Bank was signed on November 6, 2000 in Beirut under the Global Financing Line Agreement signed between the government of Kazakhstan, three major Kazakhstani banks, and the Islamic Development Bank. Under this line Bank TuranAlem OJSC will receive 1.83 mln dinars to finance the equipment and machinery procurement programs in 10 years. Moreover, 5.5 mln dinars is under the pull, which will be available after the first part of the amount will be used successfully.

Subordinated loan of DEG investment fund (Germany).

In December 2000 a subordinated loan agreement was signed to grant 10 mln euro with the German investment fund DEG to finance the projects of small and mid-sized business. The funds were received in February 2001.

Also, the bank is 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 \$27 mln for 10 years on a favorable term of 3 years at 5% APR distributed among three second tier banks.

Besides, the talks are conducted with BHF-Bank (Germany) to open a credit line to finance under insurance coverage of credit agencies, so called "multi-source financing". The amount of suggested line is 20 mln euros.

FINANCIAL STATEMENT DATA

Bank TuranAlem OJSC submitted KASE following statements: balance sheet, income and cash flow statements for 1996-1999 and 9 month 2000. The statements have been compiled according to the Kazakhstan Accounting Standards (KAS).

Major financial ratios of Bank TuranAlem OJSC calculated by the data of the issuer

Index	As of	As of	As of	As of
	Jan.1 '98	Jan.1 '99	Jan.1 '00	Oct.1 '00
Authorized capital	7,720,230	8,870,230	9,696,690	11,245,500
Shareholders' equity	1,343,182	4,362,594	5,676,919	8,453,766
Total assets	12,912,122	19,003,331	46,891,241	75,554,576
Liquid assets	5,389,847	4,197,064	11,544,109	21,797,305
Credits granted (net)	5,933,653	11,405,038	27,921,684	46,190,278
Loans and deposits	10,830,488	13,946,568	35,243,501	59,406,774
Income from operating activities	4,112,575	5,081,951	8,170,250	10,314,073
Net income	(6,251,353)	1,867,698	886,295	1,337,131
Return on assets (ROA), %	–	9.83	1.89	1.77
Return on equity (ROE), %	–	42.81	15.61	15.82

* Total of liquid assets has been determined by the instructions of the National Bank

Major financial ratios of Bank TuranAlem OJSC calculated by the data of the auditors

Index	As of	As of	As of
	Jan.1'98	Jan.1'99	Jan.1 '00
Authorized capital (paid-up)	6,781	7,931	8,758
Shareholders' equity	1,000	3,676	5,083
Total assets	14,090	18,371	46,027
Liquid assets	4,341	4,629	11,640
Credits to the clients (net)	5,657	10,645	27,094
Credits to the banks	6,745	–	–
Liabilities to clients	10,550	9,651	28,224
Liabilities to banks	377	3,009	9,023
Income from operating activities	3,600	4,731	8,024
Total expenses	3,303	3,205	7,113
Net income	297	1,526	911
Return on assets (ROA), %	2.10	8.31	1.98
Return on equity (ROE), %	29.65	41.51	17.92

* Total of liquid assets determination method was put in line with the instructions of the National Bank

International audit of the financial statements for 1996-98 were made by Arthur Andersen (Almaty, Kazakhstan), for 1999 - Ernst & Young (Almaty, Kazakhstan). The following table created by the KASE specialists was based on auditing reports (in KZT, millions unless otherwise specified). The amount of liquid assets is determined on the basis of the NBK's instructions. In the opinion of Arthur Andersen and 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, 1997, 1998, and 1999 as well as consolidated income and cash flow statements for indicated periods. All statements have been compiled according to international Accounting Standards. **The auditing report is indisputable.**

The banking supervision department of NBK reported that Bank TuranAlem OJSC maintained all prudential standards and other mandatory norms and limits as of Dec.01, 2000. The bank does not have overdue liabilities.

Below is comparison of Bank TuranAlem OJSC with average figures of two largest Kazakhstani banks made by the KASE specialists as of Jan.01, 2001 (in KZT, thousands, unless otherwise specified).

Comparative characteristics

Index	Bank TuranAlem OJSC	Average ratio
Shareholders' equity	10,877,710	12,561,298
Assets	79,518,345	106,678,371
Net income	2,109,947	1,838,434
k1 (min 0,04)	0.10	0.07
k2 (min 0,08)	0.13	0.17
k4 (min 0,20)	0.61	0.92
ROA, %	2.65	1.69
ROE, %	19.40	12.94

THE COMMENTS OF THE KASE LISTING COMMISSION

Upon undergoing the listing of the KASE first issue subordinated inscribed bonds of Bank TuranAlem OJSC the Listing commission, after considering all the materials submitted by the issuer, did not find the aspects on which potential investors should pay close attention.

COMMENTS OF THE IRBIS AGENCY

The agency IRBIS (Almaty) emphasizes that presented information and the conclusions are taken from the reports of the KASE listing commission, and are not the result of the research conducted by the IRBIS specialists and were not checked by the employees of the agency.