

## WEEK OF STOCK MARKET OF KAZAKHSTAN

### June 7 - 13

1 US dollar = **146.40** tenge at official rate for the end of the period  
 1 US dollar = **146.42** 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 June 7 - 13. In parentheses – figures of previous period. Instruments are given in ascending order, based on their attractiveness within specified groups.

#### Investment attractiveness of stock exchange instruments from June 7 through 13

Financial instrument	Currency	Yield, % APR	Volume of deals, mln KZT	Volume of deals, mln USD
<b>Instruments denominated in national currency, tenge</b>				
CS repo	KZT	*14.94 (*4.79)	197.8 (30.1)	1,348.8 (205.0)
MEOKAM, MEAKAM	KZT	9.78 (10.94)	2,020.8 (4,526.3)	13,796.9 (30,852.0)
GB repo	KZT	*4.71 (*5.08)	2,595.1 (1,976.9)	17,717.3 (13,475.1)
MEKKAM, notes	KZT	*4.60 (*5.62)	12.0 (435.2)	81.8 (2,966.4)
<b>Instruments indexed to the US dollar</b>				
CS repo	USD	*14.72 ( –)	133.1 ( 0)	909.1 ( 0)
VITAb2	USD	13.54 (13.52)	0 (0)	0 (0)
SMGZb1	USD	13.00 (13.00)	0 (0)	0 (0)
RGBRb2	USD	12.00 (12.00)	0 (0)	0 (0)
BTASb1	USD	11.50 (9.20)	28.9 (0)	197.5 (0)
KZASb1	USD	11.30 (11.80)	0 (50.3)	0 (342.9)
HSBkb	USD	11.06 (8.50)	451.2 (0)	3,084.0 (0)
CCBNb1	USD	10.53 (10.44)	0 (0)	0 (0)
KARMB1	USD	10.19 (10.14)	14.8 (0)	101.4 (0)
KZTOb	USD	10.00 (10.17)	7.2 (113.1)	49.5 (773.4)
KZOLb	USD	9.95 (8.78)	30.5 (0)	208.3 (0)
TEBNb	USD	8.53 (11.16)	0 (7.6)	0 (51.8)
SYRb1	USD	8.50 (8.50)	0 (0)	0 (0)
ATFBb	USD	8.42 (8.54)	0 (0)	0 (0)
KKGBb	USD	5.31 (5.35)	0 (0)	0 (0)
<b>Instruments denominated in US dollars</b>				
KKGBe2	USD	9.50 (9.50)	0 (0)	0 (0)
Euronotes-4	USD	7.26 (7.26)	705.6 (491.0)	4,817.4 (3,346.5)
Euronotes-3	USD	7.11 (7.09)	998.5 (924.9)	6,816.9 (6,304.0)
Euronotes-2	USD	5.77 (6.05)	793.7 (569.3)	5,418.9 (3,880.4)

**Notes:** Yields of BTASb1, HSBkb, KARMB1, KZOLb, and KZTOb are calculated as average of the deals. Yields of other corporate bonds are calculated as average of offer bids.

\*\* CS - corporate securities; GB - government bonds

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **negative 11.00% 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. The yields of all bonds with more than a year maturity term are calculated on a semiannual basis.

### INDICATORS OF INTERBANK DEPOSIT MARKET

Indicators of Kazakhstan interbank deposit market  
 as of June 13, 4:00 PM ALT and changes during the week

Term	Currency	Rate	Trend
1 week	KZT	7.30	-0.70
2 weeks	KZT	8.20	-0.47
1 month	KZT	9.10	-0.40
2 months	KZT	9.80	-0.37
3 months	KZT	10.60	-0.40

During the period indicative rates were practically stable in this sector and slightly inclined to decline. The market liquidity is estimated to be sufficient during the week. The banks were not having a deficit of free tenge and did not suffer from their abundance. It became a main reason for the stabilization of all sectors of the financial market on the eve of the legalization of “gray market money”.

## THE SECURITIES SECTOR (SS)

### Secondary market

During observed period 15 deals amounting to **\$4,510.6 th.** (KZT660.1m) were made in **purchase and sale sector** of the securities on trade floors of the KASE. Relative to previous period (\$1,477.9 th., KZT216.3m, 16 deals) weekly turnover of the sector increased 3.1 times. The most traded were **bonds of Halyk Bank of Kazakhstan OJSC** (68.4% of sector's turnover). Then, there were common shares of Astana-finance OJSC (15.1%). Volumes of deals made in other instruments were insignificant. Last week bonds of NOTC KazTransOil CJSC were the leaders. Of 15 deals made, only 3 were direct ones, the rest were made by the brokers in the trade system. The deals were made in 11 instruments, and 5 – for last week. Significant increase in the volume of the trades during this week was due to two deals made in bonds of Halyk Bank of Kazakhstan OJSC for a total of \$3.1m.

By the last deals of the period the price of ASFI decreased by 42.8% relative to the previous successful trades, CCBN – by 5.2%, KZTKp – 77.1%, UTMKp – 6.5 times. The value of MMGZp did not change, at \$4.75 per share. The yields of HSBKb fell from 11.27% to 11.00% APR, KARMb1 – from 11.21% to 10.20%, KZOLb – from 10.00% to 9.95%, KZTOb – from 10.29% to 10.00% APR. The yields of BTASb1 did not change, at 11.50% APR.

**The index** KASE\_Shares rose by 0.6917 (0.67%) during the week, at **103.1886** at June 13 closing. This change is mainly explained by a growth in values of Kazakhtelecom preferred shares and UKTMK OJSC common shares, as well as in a slight increase in bid prices of the most of the instruments. Decline in the values of Halyk Bank of Kazakhstan OJSC shares by 31.6% had a negative impact on the index.

On corporate bonds market the situation is still quiet. The yields of these securities are gradually falling in terms of average volumes, however, this process is not clear. Meanwhile, "dirty" prices are clearly growing, which may imply on speculative attractiveness of these bonds. The dynamics of the indexes of corporate bonds market (changes during the week are in parentheses) is as follows: **KASE\_BY – 11.40 (-0.64%)**, KASE\_BP – 113.90 (+0.37%), KASE\_BC – 104.37 (+0.22%). Last week KASE\_BY index decreased by 0.08%.

On June 13, 2001 **the capitalization of the companies**, whose shares are traded on the securities exchange market of Kazakhstan, equaled **\$1,340.9m** or KZT196.3bn at tenge to dollar rate of the Exchange, effective on that date. During the week this number increased **by \$19.9m** in terms of dollars is explained mainly by an increase in the values of almost all securities (see above), as well as due to the admittance of AMB OJSC preferred shares to the KASE trade lists (see special bulletin).

**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 **\$255.1m** as of June 13, or KZT37,354.8m. In nominal value (total face value of the bonds that were entered into trade lists of KASE) is estimated at **\$282.3m** as of this check date, or KZT41,332.7m.

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 June 7 - 13

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
Alatau OJSC	ALTU	*0.6900	0.6900	1	0.6900	0.6817
Astana-finance OJSC	ASFI	*10.000	10.000	68 000	10.000	10.000
Bank TuranAlem OJSC	BTAS	*72.01		0	71.00	72.00
Bank CenterCredit OJSC	CCBN	1.3318	1.3318	1 236	1.3318	1.3318
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0	0.9000	1.2320
KAZKOMMERTSBANK OJSC	KKGB	*0.4500		0	0.2500	0.5000
Kazakhtelecom	KZTK	*12.000		0	12.000	16.500
Kazakhtelecom	KZTKp	11.510	11.506	2 500	11.510	11.500
Mangistaumunaigas OJSC	MMGZp	*4.7500	4.7500	27 667	4.7500	4.7500
Rakhat JSC	RAHT	*1.10		0	*0.75	
Raushan OJSC	RAUS			0		*4.1500
SAUR OJSC	SAYR			0		*0.3400
SHNOS OJSC	SYRG	1.6300		0	1.3000	
TEMIRBANK OJSC	TEBN	*1.095		0	0.683	7.158
UKTMK OJSC	UTMK	35.000		0	20.000	38.000
UKTMK OJSC	UTMKp	28.0000	28.0000	1 000	28.0000	28.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.5032		0	1.3659	2.4882
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0	1.5025	2.8631
Zerde OJSC	ZERD			0		*0.1362

**Results of the trades in bonds from June 7 - 13**

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

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
AMB CJSC	ATFBb	USD	9.2471		0	9.0364	8.4754
Bank TuranAlem OJSC	BTASb1	USD	11.5000	11.5000	197.53	10.5998	11.5000
Bank CenterCredit OJSC	CCBNb1	USD	11.6998		0	11.9150	10.5502
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	10.9952	11.0633	3 084.00	10.9952	11.1314
Karazhanbasmunai OJSC	KARMb1	USD	10.2001	10.1938	101.39	10.1874	10.2594
KAZKOMMERTSBANK OJSC	KKGBb	USD	7.00		0	10.00	5.52
KAZKOMMERTSBANK OJSC	KKGBe2	USD			0	11.5006	9.4989
DAGOK Kustanaiasbest OJSC	KZASb1	USD	11.7958		0	12.3022	11.2984
NOC Kazakhoil CJSC	KZOLb	USD	9.9519	9.9519	208.31	9.8630	9.9519
NOTC KazTransOil CJSC	KZTOb	USD	10.0044	10.0044	49.50	10.0004	10.0044
RG Brands OJSC	RGBRb2	USD	12.0000		0	12.4996	12.0001
SHAHARMUNAIGAS OJSC	SMGZb1	USD			0	18.9968	13.0038
SHNOS OJSC	SYRGB1	USD			0	12.0006	8.5027
Temirbank OJSC	TEBNb	USD	10.8609		0	20.0384	8.6664
VITA LLP	VITAb2	USD	*14.0093		0	14.4760	13.5416

Notes: bid and ask 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 CS repo sector** 10 deals were made for a total of \$4,346.4 th. (KZT636.9m). Of this number, 4 deals (\$2,257.9 th.) were repo opening deals and 6 (\$2,088.5 th.) – closing deals. Last week volume of deals equaled \$205.0 th. (KZT30.1m). On June 13 evening 18 CS repos in tenge and U.S. dollars were opened on the trade floor of the Exchange for a total of **\$6,801.6 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, common shares of Astana-finance OJSC, bonds of NOC KAZAKHOIL CJSC and VITA LLP were used as the object of repo deals. The terms vary from 7 to 29 days, and rates from 4.79% to 14.97% APR for tenge denominated repos, and 28 to 123 days, 7.86 to 14.72% APR for USD denominated repos.

**Total of 25 deals** amounting to **\$8,857.0 th. (KZT1,297.1m)** were made in securities on trade floors of KASE during last week (purchase and sale and repo sector). A week ago volume of 17 deals was \$1,682.9 th. (KZT246.5m).

**Changes in trade lists**

From **June 11, 2001**, bases on the decision of the Exchange council of the KASE, **preferred inscribed shares of Almaty Merchant Bank OJSC** (KZ1P35970618, trade code - **ATFBp**) were admitted into category “A” of the official listing. The accuracy of quotations in the trade system is three decimal points. The same decision of the Exchange Council granted **INVESTMENT MANAGEMENT GROUP LLP** a market- maker status on preferred shares of the bank. Minimal volume of obligatory quotations for the market-maker is 400 shares. Beginning date of the trades **will be announced additionally**. More detailed information on the issuer and its shares is given in the special bulletin of the IRBIS agency (see below).

**SECTOR OF GOVERNMENT BONDS (GB)**
**Secondary market**

**In GB purchase and sale sector** of KASE total volume of 63 deals equaled **KZT4,530.6 mln.** Last week the turnover equaled KZT6,946.6 mln with 102 deals made. In the opinion of IRBIS analysts, significant decline in the volumes of deals in this period was caused by the fact that the banks became active in working with U.S.dollars on short positions. Turnover structure did not change much. Traders were paying more attention to euronotes in this week than they did in last week, which had affected their returns. But the demand for MEAKAM is still affecting noticeably the yields of these bonds, which may decline to the levels of MEOKAM on the secondary market (see the table).

**Parameters of stock exchange transactions in GB from June 7 - 13**

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
<b>Discounted GB: notes</b>	<b>0.3% (6.3%) of purchase and sale sector's turnover</b>					
8 - 14	4.50	4.50	4.50	4.50 (4.47)	12.0	1
Total					12.0 (435.2)	1 (15)
<b>Coupon GB: MEOKAM-24, 36, MEAKAM</b>	<b>44.6% (65.2%) of purchase and sale sector's turnover</b>					
423 - 669	7.81	8.89	7.81	8.44 (8.89)	763.5	6
822 - 968	9.02	10.09	10.05	9.97 (9.38)	377.1	15
1,028 - 2,397	8.14	11.96	8.14	10.87 (11.59)	880.2	10
Total					2,020.8 (4,526.3)	31 (43)

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Second part of the table

**Parameters of stock exchange transactions in GB from June 7 - 13**

(in parentheses are comparable figures of the previous period)

<b>Euronotes of Kazakhstan, USD</b>		<b>55.1% (28.6%) of purchase and sale sector's turnover</b>					
*470 - 475	5.69	6.10	5.69	5.77 (6.05)	793.7	8	
**1,205 - 1,211	7.06	7.14	7.06	7.11 (7.09)	998.5	14	
***2,129 - 2,133	7.24	7.30	7.26	7.26 (7.26)	705.6	9	
Total					2,497.8 (1,985.1)	31 (44)	
<b>SUBTOTAL</b>					<b>4,530.6 (6,946.6)</b>	<b>63 (102)</b>	

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

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 **7.05 (-0.43%)**; **KASE\_EP** – 126.84 (+0.19%); **KASE\_EC** – 112.94 (+0.04%). Last week **KASE\_EY** decreased by 0.48%.

**In GB repo sector 87 deals for a total of KZT4,671.8m** were made during the period. Of this number 46 deals (for KZT2,595.1m) were repo opening deals and 41 (KZT2,076.8m) were repo closing deals. Last period the turnover of this sector of the market reached KZT4,009.7m. Insignificant change in the market liquidity during the week led to the stability of the turnover in this sector of the KASE.

After closing of the trades on June 13 total amount of opened repo equaled **KZT6,201.6m**. Current weighted average rates as of June 13 (% APR) equaled: for 1 day – 3.49; for 2 days – 3.99; for 5 days – 4.05; for 7 days – 4.99; for 9 days – 5.49; for 14 days – 5.49; for 15 days – 5.29; for 16 days – 5.49; for 17 days – 4.64; for 18 days – 6.38; for 20 days – 6.91; for 21 days – 6.98; for 22 days – 7.98; for 24 days – 7.48; for 27 days – 8.83; for 28 days – 7.85; for 29 days – 7.89; for 30 days – 7.35; for 60 days – 11.97.

**Total of 150 deals** amounting to **KZT9,202.4m** were made in GB **on trade floors of KASE** during last week (purchase and sale and repo sector). A week ago volume of 178 deals was KZT10,956.3m. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GB for comparable operations equaled **81.2%**, for last week it was 41.9%.

## INFORMATION ON COMPANIES

**Almaty Kus OJSC** informed the KASE that **from July 9, 2001** it started selling its preferred shares (KZ1P31690319) at KZT10 each, with guaranteed dividend of **15% APR** of face value. The issue type of the shares is non-documentary within the third issue and registered by the National Securities Commission (NSC) on June 4, 2001 in the State register under the number A3169-2 for a total of KZT100m with no voting rights. Based on the information available at IRBIS, the decision on conducting this issue was made at General shareholders meeting on April 15, 2001. The shares had to be placed publicly among unlimited number of individuals. The shareholders register is maintained by an independent registrar – Reestr Servis LLP (68, Abay Ave., Almaty; NSC license #200500070 of March 6, 1997; agreement #086/99 of August 25, 1999).

The company informs that the shares are available to any individual of legal age. The floatation term is unlimited. The shares can be purchased in Almaty at: 95/70 Gogol St., Also, the owners of the shares can get their dividends there. Besides, they can be purchased by providing banking information of the shareholder. Dividends are paid out once a year after the General shareholders meeting by the results of the fiscal year. The results are approved within a month after March 31. The shareholders register is fixed 30 days prior to the annual general shareholders meeting, and the payment are made from the first business day after the meeting. Approximate payment date of the first dividends – **March 31, 2002**.

The funds raised through the share sales is to be used by Almaty Kus OJSC for the following: complete replacement of the equipment at Kaskelen, Abay and Avat poultry farms; build a new Kapchagai forage factory; build poultry meat processing factory; replace all vehicles; replace current cross of the poultry to more productive ones; build three broiler poultry farms; computerize the whole company; create a processing center; expand the business in Kazakhstan and Kyrgyzstan.

**Astana-finance OJSC** (Astana; certain banking services, investments, financing economic and social projects of Astana, as well as other activities in accordance with the Charter and available licenses) provided the KASE with a copy of the minutes of General shareholders meeting held on April 30, 2001.

Based on approved agenda the shareholders of Astana-finance OJSC approved the report of the Board, annual financial statements, the report of the Supervision commission for the year 2000, also decided to:

- allocate KZT120,000,000 of the net income received in 2000 to reserve capital, KZT14,541,444 to consumption fund (business development), KZT10,000,000 to sponsor help fund, and KZT40,696,556 to dividend payments fund;
- pay out dividends in monetary terms in the proportion of each shareholder as of the final registration date of the shareholders (May 10, 2001), who has the right to receive dividends; set June 10, 2001 as the actual dividend payment date;

- conduct bond issue for an equivalent of \$10m with 2-year circulation term, coupon of not more than 9% APR paid semiannually.

Besides, the shareholders dismissed the Board of directors ahead of time and elected a new one consisting of 8 people: Meshyarakov N.I. (Chairman), Sukhotin A.V., Uskenbaev K.A., Krutikhovskii I.G., Galimov I.S., Yakovleva T.I., Islamov K.K., Litvinov A.N.

**Almaty Merchant Bank OJSC** (AMB OJSC, Almaty) conducts the auction for public offering of its sixth issue preferred shares (KZ1P35970618, official list of the KASE securities, category "A", trade code ATFBp). The shares do not provide with the voting rights and guarantee a 12% APR of face value dividend to their owners. The face value is KZT1,000. Total of 400,000 of these shares are on issuance account of the issuer, which is to be placed at the auction among unlimited number of individuals. The applications for the participation at the auction are accepted in a form set by the bank only **from June 11 to 22** of this year. The auction results will be summarized on **June 25, 2001**. If not all the shares will be placed at the auction of June 29, 2001, the remaining part of the shares will be placed at open auction in the trade system of the Kazakhstan Stock Exchange (KASE). Comprehensive information regarding the auction rules and submitting the bids can be found on AMB OJSC web site in Internet at <http://www.amb.kz/news/>.

**Bank CenterCredit OJSC** (Almaty) provided the KASE with a copy of the minutes of annual General shareholders meeting, which was held on April 27, 2001. Based on approved agenda, the shareholders of Bank CenterCredit OJSC approved the report of the Board, annual financial statements for the year 2000, report of the Supervision commission, changes and amendments to the bank's Charter, as well as made following decisions:

- to allocate KZT104,981 th. to add to reserve capital (35% of net income);
- to allocate KZT166,805 th. (55% of net income) to increase authorized capital while maintaining the stake of each shareholder (As of Apr 6, 01);
- to allocate KZT30,144 th. (10% of net income) to pay commission to the bank officials;
- to increase announced authorized capital of the bank by KZT1.0b; conduct the third share issue only after the second issue is floated completely and the floatation report is approved;
- to attract \$10m syndicated loan for up to 1 year period;
- to approve the assignment of Ernst & Young (Almaty) as the company's auditor.

The chairman of the Board, Li V.S., made a speech on the results of Bank CenterCredit OJSC in 2000. It is said that in 2000 the bank assets increased by 38% and equaled KZT19.0b, shareholders' equity rose by 84%, at KZT2.6b, liabilities reached KZT13.6b. In 2000 the bank was servicing more than 20 th. legal entities and more than 40 th. individuals. In reporting year the deposits increased by 35%, at KZT13.5b, of which 36% are time deposits. Based on the report of the Board, the volume of the bank's financial almost doubled in the last two years, at KZT12.5b. The volume of credits granted to small and medium business equaled KZT2.7b in 2000. Under the cooperation with the Central American Entrepreneurship Support Fund, 7 projects have been financed for a total of \$1.5m; under the credit line of Asian Development Bank 5 projects have been financed for a total of \$3.1m. The bank takes an active part in the Small and Medium Entrepreneurship Support Program of the EBRD, and granted 442 credits in national currency for a total of KZT196.3m, and 950 credits in U.S.dollars for a total of \$9.8m. Now, total volume of the bank's financing under these programs is about \$6.5m (more than 600 borrowers). In May 2000 the bank became a member of VISA International association, therefore, in 2001 it plans to issue VISA plastic cards and install 10 ATMs.

On June 5, 2001 international rating agency Fitch assigned "BB-" rating to **NOTC KazTransOil CJSC** on senior unsecured liabilities in foreign currency and "B" rating on short-term liabilities in foreign currency. The ratings reflect the company's status as a monopoly in oil transportation system of Kazakhstan and its important role in the development of oil reserves of the country, is said. Earlier, it was said that NOTC KazTransOil received "BB" corporate credit rating on its liabilities in foreign and local currencies from Standard & Poort's with stable forecast.

**NOC KAZAKHOIL CJSC** (KAZAKHOIL, Astana) informed in its press-release that the company had concluded second deal over oil risk hedging. The total of 500 th. tons of "Brent" oil was hedged until year 2003. The KAZAKHOIL informed that two hedging operations (previous one made in September 2000) would allow to secure half of company's export proceeds in case of oil price lowering. While preparing hedging operations KAZAKHOIL considered forecasts of oil prices made by such leading experts as International Energy Agency, American Petroleum Institute as well as projections of the Ministry of Kazakhstan for Energy and Mineral Resources. Projections of these institutions were accepted as lowest price level, at which the counteragent begins repayment of the difference between fixed and current price for oil. The press-release stated that as insurance terms largely depend from current world prices and are directly proportionate to forward prices, the company has conducted close monitoring of the world prices during last two months. KAZAKHOIL managed to set most advantageous price levels over current transaction using favorable world conjuncture. As in the first

deal, the company selected Deutsche Bank AG as a counteragent. The Deutsche Bank is the biggest European bank and is included in top-three banks in the world in terms of assets (\$980bn). This decision was based on positive joint experience and the need to find reliable and conservative partner. Thus, KAZAKHOIL managed to reallocate risks to a stable financial entity holding "AA" credit rating.

**Ust-Kamenogorsk Titanium-Magnesium Combine** (UKTMK OJSC, Ust-Kamenogorsk) sent a letter to the Kazakhstan Stock Exchange (KASE) with the request to inform the members of the Exchange holding "P" category (right to participate in the trades in corporate securities admitted to the official list of the Exchange) of the fact that company's management is seeking a brokerage-dealing company to act as a market-maker of UKTMK OJSC preferred inscribed shares (KZ1P05502012, official list of KASE securities, category "A", trade code UTMKp) at the KASE. The request was based on voluntary rejection of Kazkommerts Securities OJSC (Almaty) to act as a market-maker of these securities from May 2, 2001.

**TNC Kazchrome OJSC** (Almaty) informed the KASE of the convocation of the general shareholders meeting on July 27, 2001 with the following agenda:

- Report of the Board of TNC Kazchrome OJSC on the company's 2000 financial statements.
- Report of the Supervision commission on the accuracy of TNC Kazchrome OJSC 2000 financial statements.
- On 2000 dividends.
- On approval of the regulation on the distribution of net income.
- On the auditor of TNC Kazchrome OJSC.
- Election of the Board of directors of TNC Kazchrome OJSC.
- Miscellaneous.

The meeting will be held at: 56, Kunaev St., Almaty. In case of the absence of the quorum the meeting will be held again on July 30, 2001.

## CHANGES IN NORMATIVE BASE

According to decision of the general meeting of KASE members dated June 08, 2001 (minutes #4), Kazakhstan Stock Exchange **disaffirmed** authority of amendments and modifications put into **Securities Listing Regulation** by the meeting of category "B" KASE members on Feb.12, 2001 (minutes #2) and approved by the resolution of the NSC №787 dated March 02, 2001 (National Securities Commission) "On approval of the stock exchange trade rules." Consequently, the stock exchange has once and fully executed injunction of the General Prosecutor Office (GPO) stated in the resolution N7-23-1231-2001 dated May 07, 2001. According to the GPO, resolution N787 of the Directorate of National Securities commission, "On approval of stock exchange trade rules" dated March 02, 2001, must not be considered as having a legal power. The prosecutor office states that the resolution must be put in conformance to current legislation. The enforcement of the resolution will also depend on its legal expertise and registration in the Ministry of Justice of Kazakhstan. The mentioned resolution of NSC approved and amended main legal document of the KASE - "Securities Listing Regulation." Thus the new wording was enforced on April 02, 2001. KASE notes that injunction of the GPO has been actually executed prior to receiving of the official notification. Guided by the GPOs' resolution "On suspension of illegitimate legal document" dated Apr.25, 2001, Board of KASE suspended authority of amendments and modifications put into Securities Listing Regulation until completion of the prosecutor's examinations (decision #38/1 dated April 27, 2001). The KASE received notification on completion of the GPO inspection in late May (date of corresponding document - May 24, 2001). The authority of the old wording of Securities Listing Regulation presented on the Internet site of KASE (<http://www.kase.kz/GenInfo/NormBase/listing.asp>) was enforced on April 26, 2001.

On June 12, by the decision of the Board of KASE "**Temporary rules on issue of preliminary conclusion regarding admission of bonds into official listing of securities**" (the Rules) were approved. The decision was enforced on the same date. The rules have been developed and approved in accordance to introduction of new registration procedure for bonds emissions implemented by the National Securities Commission (NSC). According to the developed procedure, an issuer that proposing an offering or circulation of bonds on the stock exchange market must submit to NSC conclusion of an official trade organizer on possibility to include bonds into official list of securities. The rules are published on the Internet site of KASE: ([http://www.kase.kz/GenInfo/NormBase/T\\_rules.asp](http://www.kase.kz/GenInfo/NormBase/T_rules.asp)).

## KASE MEMBERS

The Exchange Council of the KASE terminated membership of **Businessbank OJSC** (Almaty) at KASE under categories "B" and "C" from June 11, 2001. The decision is based on cancellation of the license on conduction of banking operations in tenge and foreign exchange. Businessbank OJSC was suspended from foreign exchange auctions at KASE on April 02, 2001 due to arrest of the bank's accounts.

The decision #837 of the Directorate of the NSC dated June 04, 2001 recalled the license #20030009 on conduction of broker-dealers activity in securities market issued to **Central Asian Bank for Reconstruction**

**and Development CJSC.** The license was granted to the bank on June 06, 1997. The reason for the license's cancellation is letter of the National Bank of Kazakhstan (NBK) #12319/283 dated Oct.12, 2000 on recall of agreement to conduct broker-dealer activity on the securities market. Another motive is that the bank has not eliminated reasons which had been a basis for six month suspension of the license (resolution #719, dated Nov.16, 2000).

PR department of the NSC informed that by the resolution #843 of the NSC Directorate, dated June 11, 2001, the license #20030144, issued on April 6, 1998 to **KBS Securities LLP** to conduct brokerage and dealing activities on the stock market with the right to handle client accounts as a nominal holder, was revoked. It is said that the license has been revoked because on May 31, 2001 KBS Securities LLP informed by notification #2/7–155 that it can not eliminate the reasons that became the grounds for the NSC Directorate resolution #800 of March 19, 2001 to suspend the license. By the decision of the KASE Board, dated March 20, 01, KBS Securities LLP was freed from participation in securities trades from March 21, 2001 and paying monthly membership fees from Apr 1, 01. This decision was made due to the suspension of the license by the NSC.

## **KASE NEWS**

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), dated June 12, 2001, and based on the decision of the Exchange council of the KASE, dated June 11, 2001, **first issue inscribed coupon bonds of local executive body of Eastern-Kazakhstan region** are admitted to the Exchange. The trade code VKU036.001 was assigned to these securities. The quotation accuracy in the trade system of the KASE is set at four decimal places of the "clean" price of the bonds. Based on submitted application, the market-maker status of the bonds at KASE was granted to TuranAlem Securities LLP (Almaty).

The bonds were issued in non-documentary form and have \$100 face value. Announced issue volume – KZT1bn. Circulation term – 3 years. Coupon rate is set at the initial offering auction of the bonds. Coupon is paid semiannually. The bonds are placed at face value. By the results of the auction, a single coupon rate is set. The payments for purchased bonds are made at official rate of the National Bank of Kazakhstan, which is effective on the day preceding the settlement date. The circulation of the bonds starts on the day that follows the date when the auction participants receive a confirmation from the issuer's financial agent stating that the money has been transferred to the issuer's account, and ends 3 business days prior to the coupon payment and (or) maturity date of the bonds. The principal amount of the bonds is paid out by the issuer in tenge at official rate of the National Bank of Kazakhstan, effective on the date preceding the maturity date. The coupon is accrued beginning the day that follows the day when financial agent transfers the money for the bonds purchased at initial offering to the issuer's account, and continues throughout the circulation term, including the maturity day, at the rate specified in the issuance terms. The coupon is paid out by the issuer semiannually: on 182nd and 365th days of corresponding circulation period. The last coupon is paid out along with the principal. The issuer has the right to call back the bonds by paying out the coupons for actual circulation days of the bonds in corresponding circulation term.

The register of the bondholders is maintained by Central Depository of Securities CJSC (Almaty). Financial consultants of the issuer: DB SECURITIES (KAZAKHSTAN) OJSC (Almaty), TuranAlem Securities LLP (Almaty). Legal advisor of the issuer and the issue – White & Case LLP (Almaty). Financial agent of the issuer – Kazakhstan Stock Exchange CJSC (Almaty).

More detailed issue parameters – auction dates, payment, circulation beginning and maturity dates, national identification number (NIN), as well as – additional information on initial offering and circulation of the bonds at the KASE, possibility of buying the bonds using the assets of pension funds – will be additionally announced.

On June 7, 2001 the web site of Kazakhstan Stock Exchange (KASE) ([www.kase.kz](http://www.kase.kz)) won **"KITEL-2001 Best Information Project in Kazakhstan" contest**. The site is joint project of KASE and affiliated company, Financial Markets Information Agency, IRBIS (Almaty). The project developer is Actis Systems Asia (Almaty). In 2000, the site won **"KITEL-2000 The Best Business Site"** nomination contest and Grand Prix of the contest.

**Prepared by the agency «IRBIS»**

## **Preferred shares of Almaty Merchant Bank OJSC were admitted to the KASE official list under category “A”**

*Special issue based on the information of Almaty Merchant Bank OJSC, Kazakhstan Stock Exchange (KASE), and agency IRBIS*

On June 11, by the decision of the Exchange council of the KASE, preferred inscribed shares of Almaty Merchant Bank OJSC (KZ1P35970618) were admitted into category “A” of the official listing. The shares were given a trade code - ATFBp. The same decision of the Exchange Council granted INVESTMENT MANAGEMENT GROUP LLP a market- maker status on preferred shares of the bank. Beginning date of the trades will be announced additionally.

From June 11 to 25 of this year AMB OJSC conducts the auction for public offering of its sixth issue preferred shares. The applications for the participation at the auction are accepted in a form set by the bank only from June 11 to 22 of this year. The auction results will be summarized on June 25, 2001. If not all the shares will be placed at the auction of June 29, 2001, the remaining part of the shares will be placed at open auction in the trade system of the KASE. Comprehensive information regarding the auction rules and submitting the bids can be found on AMB OJSC web site in Internet at <http://www.amb.kz/news/>.

The shares do not provide with the voting rights and guarantee a 12% APR of face value dividend to their owners. The face value is KZT1,000. Total of 400,000 of these shares are on issuance account of the issuer, which is to be placed at the auction among unlimited number of individuals.

Below is general information on the shares and the issuer. It is compiled by the agency IRBIS using reports of the KASE Listing Commission. Information is published in connection with admission of the bank’s shares into official list of KASE. All data available at the agency IRBIS were also used in the preparation of the review.

### **GENERAL INFORMATION**

Date of initial official registration – Nov 03, 1995. Date of latest official re-registration – May 19, 2000. Legal status – open joint-stock company. Type of ownership – private. Legal and actual addresses of the office: 100, Furmanov St., 480091, Almaty, Kazakhstan. Type of activity – banking services.

The bank has a membership in following institutions: KASE, Central Depository of Securities CJSC, Union of legal entities of “Kazakhstan Financiers Association”, Central Depository of Securities of Kyrgyzstan CJSC, Union of Pension Reform Members, Kazakhstan Insurance Fund for Individual Deposits CJSC (certificate #0004 of February 16, 2000). AMB OJSC is a primary dealer of the Ministry of Finance and primary agent of the National bank of the Republic of Kazakhstan on the government securities market.

As of January 1, 2001 the bank had 10 branch offices in Astana, Almaty, Atyrau, Karagandy, Kostanai, Pavlodar, Shymkent, Ust-Kamenogorsk, Taraz, Aksai of Western-Kazakhstan region. Settlement-cashier offices existed in Almaty, Astana, Kulsary, Tengiz as of indicated date.

Number of employees at early 2001 – 500.

**The bank has licenses:** NBK license on conducting banking operations in tenge, foreign currency and other operations stipulated by banking legislation #239 dated Jan 10, 2000. License of National Securities Commission (NSC) to conduct brokerage and dealing activities on the stock market with the right to manage clients accounts as a nominal holder, #0401100219 dated Feb 15, 2000 (first category license). NSC state license to conduct custodian activities on the stock market, #0407100098 dated July 21, 2000.

**The bank has credit ratings:** from Fitch-IBCA: long-term credit “B” with “stable” forecast; short-term credit “B”; individual “D”; country and shareholder support “5T”. Till May 1999 the bank had credit ratings from international rating agency Thomson BankWatch BREE: short-term – “LC-3” and long-term – “B”. By the results of 1999, Thomson BankWatch assigned more higher short-term “LC-2” rating and confirmed long-term “B” rating.

By the information of the National Bank of Kazakhstan, AMB OJSC meets all prudential norms and other mandatory norms and limits of the National Bank.

**The bank was founded** in June 1995. In Nov 95 bank received the general license from the National bank of Kazakhstan (NBK) on operations in forex, in Oct 96 it joined SWIFT, in Nov it started servicing of Visa, EuroCard/MasterCard, Diners Club, JCB, American Express. In May 1997 AMB CJSC was included by NBK into the first group of banks to be transited to International Accounting Standards. In Nov 1998, it started commercial selling of gold bullion with own stamp and weight of 10 and 20 grams. In Dec 1998, Inter government agreement between Deutsche Republic and Kazakhstan the bank was approved as a financial operator for German credit line (KFW). In March 1999, bank started issuing VISA-Classic, VISA-Gold and VISA Business with its own logotype. In Dec 1999, the list included Visa-Electron and domestic Altyn. Since Sep 1999 bank jointly with Western Union has implemented new services on money current transfers without opening of bank accounts. This service targeted individuals and covered 170 countries of the world. In April 2001 the bank was reorganized into open joint-stock company.



**To conduct custodian services** with international securities, AMB CJSC opened accounts in Deutsche Bank AG Frankfurt, Deutsche Bank AG London, Bank Societe Generale. Being the co-founder of Kyrgyz Central Depository of Securities bank renders custodian services on securities market of this country.

**International payments** are made using SWIFT Alliance Entry banking software. Presently bank cooperating with 160 banks of the world including: USA, Germany, Switzerland, the Netherlands, France, Great Britain, Denmark, Canada, Singapore, CIS countries and Baltic states. In turn about 80 banks of Russia, Kyrgyzstan, Latvia, Azerbaijan and Lithuania opened their correspondent accounts in AMB OJSC.

## CAPITAL, SHARES AND SHAREHOLDERS

Announced authorized capital of AMB OJSC is KZT3.1bn. Issued authorized capital amounted to KZT2,011.1m as of June 1, 01. As of Apr 1, 01, paid authorized capital of the bank was KZT1,211.1m. Total of 2,011,100 shares (sixth issue, previous issues have been cancelled) at KZT1,000 each, including 1,611,100 common shares (KZ1C35970017) and 400,000 preferred shares (KZ1P35970618). The shares were issued in non-documentary form. The registrar is maintained by an independent registrar – Fondovyi tsentr CJSC (license #20050002 of the National Securities Commission of Kazakhstan, dated Dec 12, 96). Constitutive documents do not contain the norms discriminating or limiting the rights of the shareholders to transfer (alienate) the securities.

By the Charter, the decision on dividend payments to common and preferred shares of the bank is made by the General shareholders meeting. The minimum guaranteed dividend to preferred shares is set at 12% APR of the face value (decision of the General shareholders meeting of March 15, 01).

Previously, the bank was issuing only common inscribed shares, with the volume of paid dividends reaching: in 1998 – KZT236,500 th. (dividend per share – KZT152 th.), in 1999 – KZT354,750 th. (dividend per share – KZT228 th.). In 2000 dividends were paid to common shares of a new (sixth) issue for a total of KZT400,000 th. (dividend per share – KZT182 th.).

It should be noted that based on the draft law of Kazakhstan “On joint stock companies”, developed by the NSC, the requirement, which sets the dividends to preferred shares not to be less than dividends to common shares, is suggested to be eliminated.

**As of May 30, 01** the bank had 6 shareholders, with no state stake in authorized capital. Following companies enjoy possession of 5% or more stake: Cormoto B.V. (Amsterdam, the Netherlands) – 20.5%, Fintrade OJSC (Almaty, Kazakhstan) – 19.39%, Reson Holding AG (Zug, Switzerland) – 16.41%, Glencore International AG (BAAR, Switzerland) – 12.15% Myrzakent OJSC (Almaty, Kazakhstan) – 6.09%, ATERA capital LLP (Almaty, Kazakhstan) – 6.04%.

It should be noted that the bank’s first issue inscribed coupon bonds (KZ2CKAN3AA16, trade code – ATFBb; \$100, \$5m, Oct. 02.00 - Oct.02.01, semiannual coupon at 10.5% APR, current market return – 9.25% APR), which were entered into the official list of the KASE securities under category “A” on September 26, 2000, are in circulation now. From the beginning of the circulation of the bonds in official list of the Exchange in purchase-sale sector, 7 deals were made using 7,640 bonds for a total of \$774,391.59. Yield to maturity varied from 9.25 to 11.38% APR.

The shares of the bank had not been in trades.

## FINANCIAL RATIOS

AMB OJSC makes its financial statements in compliance with the Kazakhstani accounting standards, as well as in compliance with the legislature, instructions and regulations of the National Bank of Kazakhstan.

**Calculation of AMB OJSC financial ratios based on the bank’s financial statements data**  
(in th. KZT, unless otherwise indicated)

Year-end ratio	as of 01.01.99	as of 01.01.00	as of 01.04.00	as of 01.07.00	as of 01.10.00	as of 01.01.01	as of 01.04.01
Authorized capital (paid)	856,350	856,350	856,350	856,350	1,211,100	1,211,100	1,211,100
Shareholders' equity	1,015,517	1,492,313	1,574,468	1,638,609	1,911,697	1,983,486	2,145,093
Assets	4,675,647	11,897,245	12,853,342	16,295,147	17,837,532	18,746,816	25,394,127
Liquid assets	2,541,535	6,145,982	6,136,274	8,150,787	8,481,822	8,077,465	12,536,819
Loans and deposits attracted	3,455,207	10,041,883	10,796,149	12,895,481	12,722,361	14,714,197	22,138,887
Credits granted	1,510,829	4,692,956	5,255,553	6,580,958	7,103,426	8,694,378	9,569,886
Operating income	1,359,394	2,176,454	761,584	1,550,436	2,528,757	3,535,603	1,005,862
Net income (loss) of the period	355,255	476,999	82,186	146,475	419,564	491,353	161,606
Return on assets (ROA), %	7.60	4.01	0.64	0.90	2.35	2.62	0.64
Return on equity (ROE), %	34.98	31.96	5.22	8.94	21.95	24.77	7.53

**Notes:** Total of liquid assets is calculated in compliance with the instructions of the National Bank.

Auditing of the AMB OJSC financial statements for the years 1997-2000 was made by Arthur Andersen (Almaty, Kazakhstan, main founder – Arthur Andersen, Chicago, Illinois, USA) in compliance with international accounting standards. Based on auditing report, financial statements of AMB OJSC give true and objective picture of the bank’s condition as of December 31, 1997-2000, as well as the results of its activities and cash flows as of indicated dates, in compliance with International accounting standards.

**Calculation of AMB OJSC financial ratios based on the data of Arthur Andersen**  
(in th. KZT, unless otherwise indicated)

Ratio	as of	as of	as of	as of
	01.01.98	01.01.99	01.01.00	01.01.01
Authorized capital (paid)	275,000	856,350	856,350	1,211,100
Shareholders' equity	411,705	952,118	1,424,687	1,791,276
Total assets	4,520,222	4,631,225	11,676,981	18,442,859
Liquid assets	2,515,283	2,513,518	6,138,724	8,118,484
Loans to banks	151,100	–	–	–
Loans to clients	1,559,781	1,489,323	4,557,190	8,956,447
Liabilities to other banks	382,876	516,486	1,577,276	2,537,416
Liabilities to other credit organizations	–	556,325	438,847	522,035
Liabilities to clients	3,713,455	2,534,144	7,407,978	11,888,625
Subordinated debt (see notes)	–	–	691,000	722,500
Net income	121,494	333,063	472,569	366,589
Return on assets (ROA), %	2.69	7.19	4.05	1.99
Return on equity (ROE), %	29.51	34.98	33.17	20.47

## DYNAMICS OF INDICATORS

From 1998 through 2000 **shareholders' equity** of the bank increased by KZT1.5bn, or 2.4 times, in first quarter of 2001 – by KZT199.9m (8.0%). In 1998 a 2.3 time increase in shareholders' equity was attributable to the growth of first level capital as a result of a KZT581.4m increase in paid authorized capital of the bank. In 1999 a 85.1% increase is explained by a growth of first level capital (increase in funds and reserves, created from net income of previous years, by KZT329.2m) and second level capital due to attraction of subordinated debt at KZT483.3m. In 2000 a 30.0% increase was mainly achieved by increasing paid authorized capital of the bank by KZT354.8m, in first quarter of 2001 – as a result of an increase in funds and reserves created from net income of previous years.

In 1998-2000 the **assets** of AMB CJSC grew up by KZT14.1bn, or 4.1 times (1998 to 1997 – by 1.1%, 1999 to 1998 – by 154.5%, 2000 to 1999 – by 57.6%), and by KZT6.6bn, or 35.5% in the first quarter of 2001. The main source of growth in 1999 and 2000 fell on loan portfolio (44.1% of total growth of assets in 1999 and 58.4% in 2000) and securities portfolio (20.9% of total growth of assets in 1999 and 45.2% in 2000). In the first quarter of 2001 main growth in the assets of AMB OJSC was due to an increase in the securities portfolio (42.2% of total growth of assets) and amounts in correspondent accounts (31.1% of total growth of assets). Loan portfolio was formed completely using stable funds (shareholders' equity and time deposits of the clients), which significantly reduces the risk of liquidity deterioration of the bank.

In 1998 - 2000 and in first quarter of 2001 the bank's deposit base was firming. Significant amount of work was done with individuals and legal entities, new types of deposits were developed and introduced. During this period the number of existing accounts of legal entities increased 1.8 times, at 3,935 accounts as of January 1, 2001. The number of accounts of individuals increased 2.4 times, to 3,374. In 1999 volume of deposits increased 3 times relative to previous year, at KZT8.9bn, in 2000 – by 36.5%, at KZT12.2bn, in first quarter of 2001 – by 66.1%, at KZT20.2bn. Further on, the bank intends to keep working on attracting the funds of the individuals as the main source of funds.

From the establishment and till now the bank adheres to a conservative credit policy. The main core of the bank's business – trade financing of the companies engaged in exports and imports. In 1999 and 2000 due to unstable economy the bank conducted short-term financing policy to reduce the risk of unpaid loans due to the deterioration of the borrowers' financial situation in long-term period.

**Loan portfolio** of AMB OJSC was steady growing due to increase in clients base and, as a result, growth in number of borrowers, activation of the bank's activities in financing of major companies in real sector of the economy, as well as small and mid-sized business. As of Jan 01, 2001 volume of loan portfolio reached about KZT8.6bn and increased 5.8 times compared to 1998. In first quarter of 2001 the loan portfolio increased by KZT875.5m, or 10.1% to 2000, at KZT9.6bn. As of Dec 31, 1998 and 1999 the loans granted to 10 major clients accounted for about 60% of the loan portfolio. In 2000 the concentration level of the loan portfolio significantly decreased, at 37%.

### Quality of loan portfolios of AMB CJSC and AMB OJSC

Loan	as of Jan 1.99		as of Jan 1.00		as of Jan 1.01		as of Apr 1.01	
	th., KZT	%	th., KZT	%	th., KZT	%	th., KZT	%
Standard	1,021,452	63.3	3,237,137	67.5	6,756,185	75.4	6,580,597	66.3
Substandard	420,306	26.1	1,432,445	29.8	2,018,563	22.5	2,906,510	29.3
Unsatisfactory	57,702	3.6	115,550	2.4	20,656	0.2	315,744	3.2
Doubtful with high risk	96,796	6.0	10,572	0.2	13,867	0.2	384	0
Bad debt	17,067	1.0	3,486	0.1	148,379	1.7	115,963	1.0
<b>Total</b>	<b>1,613,323</b>	<b>100.0</b>	<b>4,799,190</b>	<b>100.0</b>	<b>8,957,650</b>	<b>100.0</b>	<b>9,919,198</b>	<b>100.0</b>

## Loan provisions created by AMB CJSC and AMB OJSC

Loan	as of Jan 1.99		as of Jan 1.00		as of Jan 1.01		as of Apr 1.01	
	th., KZT	%	th., KZT	%	th., KZT	%	th., KZT	%
Standard	0	0	0	0	0	0	0	0
Substandard	23,478	22.9	73,342	69.0	103,828	39.4	162,240	46.4
Unsatisfactory	13,551	13.2	24,120	22.7	4,131	1.6	70,917	20.3
Doubtful with high risk	48,398	47.2	5,286	5.0	6,934	2.6	192	0.1
Bad debt	17,067	16.7	3,486	3.3	148,379	56.4	115,963	33.2
<b>Total</b>	<b>102,494</b>	<b>100.0</b>	<b>106,234</b>	<b>100.0</b>	<b>263,272</b>	<b>100.0</b>	<b>349,312</b>	<b>100.0</b>

**Operating income** of the bank in 1999 increased by 60.1% relative to 1998, in 2000 – by 62.4% to 1999, and in three months of 2001 – by 32.1% to similar period of 2000. Significant proportion of income is derived from interests (growth from 42% in 1998 to 63% as of Apr 1, 01) and commissions, with account for 20% of the bank's income on average. By the information of AMB OJSC growth of interest income is due to the increase in loan portfolio. Weighted average rate on attracted funds was at 3.2% in 1998, in 1999 – 3.7%, in 2000 – 4.3%. Interest rate on the loans granted to clients equaled: as of Dec 31, 98 on USD loans – from 16% to 23%, on KZT loans – from 10% to 30%; As of Dec 31, 99 on USD loans – from 10% to 28%, on KZT loans – from 10% to 30%; As of Dec 31, 00 on USD loans – from 12% to 23%, on KZT loans – from 13% to 25%.

The most of the **expenses** were incurred on interest expenses of the bank (15% of total expenses in 1998, in 1999 – 12%, in 2000 – 22%, as of Apr 1, 01 – 33%). Administrative and personnel expenses take the significant share. Based on the bank's financial statements, this type of expenses are tend to decrease (in 1998 – 33%, in 1999 – 35%, in 2000 – 25%, as of Apr 1, 01 – 21%).

**Growth of the bank's net income** in 1998 to 1997 reached 145.5%, in 1999 to 1998 – 34.3%, in 2000 to 1999 – 3.0%. Net income of the bank reached KZT161.6m in 3 months of 2001, or 96.6% more than in similar period of 2000. Return on assets (ROA) and return on equity (ROE) are tend to decrease as assets and equity grow faster than the net income. As of Jan 1, 99 ROA = 7.60%, as of Jan 1, 00 – 4.01%, As of Jan 1, 01 – 2.62%. ROE figures for the same periods – 34.98%, 31.96% and 24.77%, respectively. However, ROA and ROE figures of AMB OJSC are one of the highest among Kazakhstani banks.

## CREDIT LINES

The bank is a participant of small-scale business development program under the EBRD and Small Scale Business Development Fund (SSBDF). Under this program \$72.5m credit line was opened at 9% APR for 10 years. This program also included an agreement between AMB OJSC and SSBDF on additional supplementary credit of \$3.2m in total for 3.5 year each with semiannual payment of the interest:

- \$750.0 th., at 9.38% APR (from March 18, 98 through Oct.13, 01);
- \$950.0 th., at 8.63% APR (from Oct.26, 98 through Apr.29, 02);
- \$800.0 th., at 10.19% APR (from March 6, 00 through March 6, 04);
- \$700.0 th., at 8.53% APR.

Actual volume of loans as of June 1, 01, granted by the bank under this credit line is \$3.4m, the number of borrowers – 317. The borrowers are private entrepreneurs and small companies with foreign participation of up to 50%.

Under the Kreditanstalt Fuer Wiederaufbau (KfW) credit line based on two inter government agreements dated May 22, 95 and Nov 26, 97 between the Germany and Kazakhstan, the bank received DM27.0m for 10 years, with preference period of 3 years, and interest rate of 5% APR. The first receipt of DM2m has been already utilized and used in financing of agricultural projects. As of June 1, 01, under the KfW credit line 6 projects have been financed for a total of DM3.1bn.

Under the World Bank credit line, the funds were received through the Ministry of Finance of Kazakhstan, three agreements have been signed for a total of \$230.0 th.:

- first agreement – for \$140.0 th. at 7.16% APR for Oct.26, 00 through Dec.1, 01;
- second agreement – for \$70.0 th. at 12.0% APR for Feb.21, 01 through Nov.25, 02;
- third agreement – for \$20.0 th. at 12.0% APR for Feb.21, 01 through Dec.25, 02;

## MERGER OF KAZPROMBANK OJSC WITH AMB OJSC

On May 22, 2001 the decision was made at General shareholders meeting of AMB OJSC to merge Kazprombank OJSC with AMB OJSC. Presently, AMB OJSC is taking necessary measures on the merger to make it in compliance with existing law. Following is forecasted consolidated balance, prepared by the specialists of AMB OJSC, which reflects their vision of the bank's united balance at the end of the merger – September 1, 2001.

**Forecasted consolidated balance sheet of a united bank**

<b>Article</b>	<b>Amount, th. KZT</b>	<b>Share, %</b>
<b>Assets (total)</b>	<b>27,300,000</b>	<b>100.0</b>
including:		
cash	760,000	2.8
account in National Bank	850,000	3.1
accounts in other banks	3,100,000	11.4
loans to clients, net	12,100,000	44.3
investments into government securities	6,900,000	25.3
fixed assets, net	930,000	3.4
accrued interest to be received	1,460,000	5.3
other assets	1,200,000	4.4
<b>Total liabilities and shareholders' equity</b>	<b>27,300,000</b>	<b>100.0</b>
<b>Shareholders' equity</b>	<b>4,025,000</b>	<b>14.7</b>
including:		
<b>shareholders' equity</b>		
authorized capital	3,099,100	9.9
undistributed income and reserves	,925,900	4.9
<b>Liabilities (total)</b>	<b>22,690,000</b>	<b>83.1</b>
including:		
funds of the bank	2,780,000	10.2
funds of the clients	16,990,000	62.2
loans from financial institutions	660,000	2.4
accrued interest to be paid	310,000	1.1
other liabilities	1,950,000	7.1
subordinated debt	585,000	2.1

Based on forecasted balance sheet of AMB OJSC and financial statements data as of January 1, 2001, which were made in compliance with the Kazakhstani accounting standards (KAS) and presented to the KASE under listing obligations, growth of the bank's shareholders' equity reached KZT1.5bn, or 60.5%, the assets – by KZT8.5bn, or 45.6%, liabilities, including subordinated debt – by KZT6.5bn, or 38.8% (including, the growth of deposits of clients by KZT4.8bn, or 39.6%). As AMB OJSC expects, after the merger the bank will be the fourth in terms of the balance sheet currency and sixth in terms of shareholders' equity in Kazakhstan.

The decision of AMB OJSC to merge with Kazprombank OJSC was not unnoticed by leading rating agencies of the world. On May 11 of this year Fitch said that AMB OJSC decision to buy 100% stake in Kazprombank OJSC would not have immediate effects on the bank's ratings, which are not to be reassigned yet. However, the agency plans to conduct a wide scale research of the matter in summer 2001.

**Prepared by the agency «IRBIS»**