

WEEK OF STOCK MARKET OF KAZAKHSTAN

September 20 - 26

US dollar = 147.70 tenge at official rate for the end of the period

US dollar = 147.71 tenge at weighted average rate of the Exchange for the end of the period

Weekly rate of tenge devaluation – **negative 1.68% APR**

Money market rates as of September 26 and weekly changes

Term	Currency	Rate	Trend
Repo opening at KASE (WA, % APR)			
1 day	KZT	5.51	+0.96
12 days	KZT	9.98	–
28 days	KZT	7.80	–
27 days	USD	8.50	-3.52
KIBOR (indicative, % APR)			
1 week	KZT	7.00	-0.88
2 weeks	KZT	7.75	-0.50
1 month	KZT	8.50	-0.50
2 months	KZT	9.50	-0.38
3 months	KZT	10.25	-0.25

Investment attractiveness of stock exchange instruments from September 20 through 26

Financial instrument	Currency	Yield, % APR	Volume of deals, KZT m	Volume of deals, USD m
Instruments denominated in national currency, tenge				
MEOKAM, MEAKAM	KZT	9.91 (9.30)	1,626.6 (1,378.1)	11,011.6 (9,321.5)
CS Repo	KZT	*8.03 (10.75)	596.4 (259.9)	4,037.4 (1,758.5)
MEKKAM, notes	KZT	*5.25 (4.96)	482.3 (242.0)	3,265.2 (1,636.7)
GS Repo	KZT	*5.09 (3.90)	8,398.3 (11,536.3)	56,853.2 (78,029.2)
Instruments indexed to the US dollar				
SMGZb1	USD	13.01 (13.52)	0 (80.5)	0 (544.8)
VITAb2	USD	12.50 (12.50)	0 (0)	0 (0)
ALKSb2	USD	12.00 (11.99)	42.2 (0)	285.5 (0)
CCBNb1	USD	11.08 (11.09)	0 (0)	0 (0)
KZASb1	USD	11.00 (11.00)	0 (0)	0 (0)
RGBRb2	USD	11.00 (11.00)	0 (0)	0 (0)
TEBNb2	USD	11.00 (–)	222.3 (0)	1,505.4 (0)
KARMB1	USD	10.93 (11.49)	7.6 (0)	51.5 (0)
BTASb1	USD	10.70 (11.20)	0 (7.8)	0 (52.4)
ASFib1	USD	10.50 (10.50)	0 (0)	0 (0)
TEBNb	USD	10.00 (10.50)	0 (0)	0 (0)
TMJLb2	USD	9.50 (8.80)	1,028.9 (0)	6,966.2 (0)
SYRb1	USD	8.50 (8.50)	0 (0)	0 (0)
KZTOb	USD	8.50 (8.10)	76.5 (3.1)	518.2 (21.1)
HSBKb	USD	8.39 (8.40)	0 (0)	0 (0)
VKU	USD	8.38 (8.38)	30.4 (114.1)	206.0 (773.5)
KZOLb	USD	8.14 (8.23)	15.3 (13.1)	103.3 (88.6)
Instruments denominated in US dollars				
BTASe1	USD	10.65 (10.65)	0 (0)	0 (0)
KKGBe2	USD	9.20 (9.20)	0 (0)	0 (0)
KZTOe1	USD	8.62 (8.62)	0 (0)	0 (0)
Euronotes-4	USD	6.99 (7.04)	232.9 (423.3)	1,576.2 (2,861.5)
Euronotes-2	USD	5.57 (5.71)	66.2 (245.4)	448.4 (1,660.4)
Supranational bonds	USD	3.52 (3.55)	10.7 (1.5)	72.2 (10.3)

Notes: Yields of ALKSb2, KARMB1, KZOLb, KZTOb, TEbNb2, TMJLb2 are calculated as average of the deals, including initial additional floatation. Yields of other corporate bonds are calculated as average of offer bids. The correspondent ratio of last week is given in the parentheses. Securities marked by a star are the instruments with less than a year circulation term.

THE CORPORATE SECURITIES SECTOR (CS)

Primary market

During the period initial additional offering of second issue inscribed coupon bonds of **Kazakhstan Temir Joly NSE** (KZ2EUY03A368; official list of KASE securities of category “A”, TMJLb2A; \$100, \$30m, July 10.01 - July 10.04, semiannual coupon at 8.0% APR) will continue in the trade system of the KASE. A total of 4 deals were made to buy 71,000 bonds for \$6,966,231.27, or KZT1,028,912,358.09 at current official rate. Weighted average yield equaled **9.5000% APR**. Total volume of initial offering of these bonds equaled 201,840 bonds at the Exchange as of September 26, which corresponds to \$19.7m at face value. Weighted average yield to maturity – 9.18% APR.

Secondary market

In the purchase-sale sector 16 deals were concluded amounting to **\$4,032.0 th.** (KZT595.5m). Compared to previous week (8 deals, \$1,246.3 th., KZT184.1m) the sector's turnover decreased 3.2 times. The most traded were second issue bonds of Temirbank OJSC (37.3% of total turnover). Then there were common shares of Bank TuranAlem OJSC (36.5%) and bonds of KazTransOil CJSC (12.9%). A total of 8 instruments were used to make deals in this week, last week – 7. In the opinions of IRBIS analysts, such a noticeable growth of the volumes of deals was caused by the opening of trades in second issue bonds of Temirbank OJSC on September 24, which became the most traded instrument on the trade floor based on the volume of just one deal.

By the last deals of the period the value of BTAS increased by 3.2% relative to previous successful trades. The value of KZTKp fell by 3.9%. The value of ATFBp did not change at \$6.77 per share. The yields of ALKSb2 fell from 12.0035% to 11.9996%, KZOLb – from 8.2318% to 8.1372% APR. The yields of KARMB1 rose from 9.9988% to 10.9296%, KZTOb – from 8.0987% to 8.8072% APR.

The index KASE_Shares increased by 6.3608 (6.27%) during the week and was fixed at closing of September 26 at **107.8762**. Change in index was due to an increase of bid prices of common inscribed shares of Bank TuranAlem OJSC from \$79.20 to \$80.00 (1.0%), as well as common inscribed shares of Kazakhtelecom from \$10.00 to \$12.00 (20.0%), and preferred shares of UKTMK OJSC from \$5.00 to \$23.00 (4.6 times). It should be noted that lately index is getting more dynamic caused by instability of the bids. Brokers are probing the market at different price levels. But, as usually, it does not result in making deals.

Dynamics of corporate bonds market indexes looked as follows (figures in parentheses indicate weekly changes): **KASE_BY – 10.44 (+1.37%)**, **KASE_BP – 117.42 (-0.22%)**, **KASE_BC – 104.57 (-0.43%)**. Last week KASE_BY decreased by 0.03%. It is still early to talk about the growth trend of the yields of corporate bonds accompanied with a decline in their prices. It is more like the KASE_BY trend reflects a local situation change, as a result of a deal made in TEBN2, which had a positive impact on the index.

Capitalization of companies, whose shares are being traded in the CS sector of KASE reached **\$844.8m** or KZT124.8bn as of September 26 at KZT/USD rate of the Exchange. The capitalization rose by \$1.5m compared to previous week mainly due to an increase in values of Bank TuranAlem OJSC shares (see above).

The capitalization of corporate bonds market of the Exchange by their best bid prices, which are regularly put out by the market-makers of the securities in the trade system of the Exchange, was fixed at **\$524.7m** or KZT77,494.8m as of September 26. In nominal terms (total face value of the bonds that were admitted into trade lists of KASE) is estimated at **\$580.1m** or KZT85,677.2m. The difference between these figures is again explained by the fact that the trades in first issue bonds of Caspian Bank OJSC, first issue bonds of Kazakhtelecom, first issue bonds of TexaKaBank OJSC, first issue bonds of LARIBA-BANK OJSC have not been opened yet, while they had been admitted to the KASE lists.

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 September 20 through 26

USD per share, unless otherwise specified

Issuer	Securities	Last price	WA price	Volume, #	Volume, USD th.	Best bid	Best offer
Almaty Kus OJSC	ALKS			0	0	0.1540	0.3080
Almaty Kus OJSC	ALKSp			0	0	0.0900	0.1700
Almaty Kus OJSC	ALKSp3			0	0	0.0680	0.0700
CNPC-Aktobemunaigas OJSC	AMGZ			0	0	*6.00	
CNPC-Aktobemunaigas OJSC	AMGZp	*17.50		0	0	*2.50	
Astana-finance OJSC	ASFI	*10.000		0	0	5.000	10.000
AMB OJSC	ATFBp	6.770	6.770	9,500	64.3	6.770	6.770
Bank TuranAlem OJSC	BTAS	75.33	75.31	19,555	1,472.6	80.00	73.00
Bank CenterCredit OJSC	CCBN	1.3534		0	0	1.1507	1.3875
Halyk Bank of Kazakhstan OJSC	HSBK	1.2200		0	0	0.6100	1.2200
KAZKOMMERTSBANK OJSC	KKGB	*0.4500		0	0	0.2500	0.5000
Komirbank OJSC	KOMB			0	0		*5.6200
Corporation Kazakhmys OJSC	KZMS	*11.970		0	0	12.000	
Corporation Kazakhmys OJSC	KZMSp	*4.710		0	0	5.000	
Kazakhtelecom	KZTK	*12.000		0	0	12.000	18.000
Kazakhtelecom	KZTKp	*12.500	12.500	2,500	31.3	12.500	12.500
Raushan OJSC	RAUS			0	0		4.1200
SHNOS OJSC	SYRG	1.6300		0	0	1.5500	

Issuer	Securities	Last price	WA price	Volume, #	Volume, USD th.	Best bid	Best offer
TEMIRBANK OJSC	TEBN	*1.095		0	0	2.000	6.750
TEMIRBANK OJSC	TEBNp			0	0	2.000	6.750
ULBA JSC	ULBAp	*10.00		0	0		*10.16
UKTMK OJSC	UTMK	35.000		0	0	20.000	40.000
UKTMK OJSC	UTMKp	25.0000		0	0	23.0000	45.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.5480		0	0	1.4894	2.8426
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0	0	1.7602	3.1472
Zerde OJSC	ZERD	*0.0075		0	0		*0.0074
TOTAL	26			31,555	1,568.2		

Results of the trades in bonds from September 20 through 26

(% APR till maturity, unless otherwise specified)

Issuer	Code	Currency	Last	WA	Volume, th. USD	Best bid	Best offer
Almaty Kus OJSC	ALKSb2	USD	11.9996	11.9996	285.4	11.9996	11.9996
Astana-finance OJSC	ASF1b1	USD	10.4985		0	11.0000	10.5000
Bank TuranAlem OJSC	BTASb1	USD	11.2037		0	11.1952	10.7034
TuranAlem Finance B.V.	BTASe1	USD			0	11.9162	10.6450
Bank CenterCredit OJSC	CCBNb1	USD	11.4988		0	11.9866	11.0818
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.0000		0	13.5000	8.3852
Karazhanbasmunai OJSC	KARMB1	USD	10.9296	10.9296	51.5	10.9296	10.9296
KAZKOMMERTSBANK OJSC	KKGBe2	USD			0	11.2000	9.2049
DAGOK Kustanaiasbest OJSC	KZASb1	USD	11.7958		0	11.9959	11.0022
NOC KazakhOil CJSC	KZOLb	USD	8.1372	8.1372	103.3	8.1372	8.1372
NOTC KazTransOil CJSC	KZTOb	USD	8.8072	8.5016	518.2	8.3502	96.7745
NOTC KazTransOil CJSC	KZTOe1	USD			0	9.0171	8.6241
RG Brands OJSC	RGBRb2	USD	12.4999		0	11.9968	11.0009
SHAHARMUNAIGAS OJSC	SMGZb1	USD	13.5162		0	19.0047	13.0087
SHNOS OJSC	SYRGr1	USD			0	11.9960	8.5040
Temirbank OJSC	TEBNb	USD	10.4964		0	10.9041	9.9980
Temirbank OJSC	TEBNb2	USD	11.0000	11.0000	1,505.4	11.0000	11.0000
Kazakhstan Temir Joly	TMJLb2	USD			0	9.5000	8.8000
VITA LLP	VITAb2	USD	13.4915		0	13.4970	12.4998
TOTAL	19				2,463.8		

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

In the repo sector of CS 12 deals were made for a total of **\$11,458.0 th.** (KZT482.3m). Of this number, 7 deals (\$5,924.2 th.) were repo opening deals and 5 (\$5,533.7 th.) – closing deals. Volume of deals in previous week reached \$3,263.8 th. (KZT482.3m).

In all trade floors of KASE (including initial additional offering) a total of 32 deals were concluded in 529,305 securities amounting to **\$22,456.2 th.** (KZT3,316.9m). Last week volume of 20 deals was \$4,510.1 th. (KZT666.4m).

Changes in trade lists

From September 25, 2001, by the decision of KASE Board, and on the basis of the Exchange council's decision of Sept 24, 01, first issue **inscribed subordinated coupon bonds of TexaKaBank OJSC** (Almaty, KZ2CKY05A416, \$1.5 bn; KZT1,000, Sept 1, 01 - Sept 1, 06, semiannual coupon at 15% APR) were admitted to official list of the KASE securities under "A" category. The bonds were assigned a trade code TXBNb1. Quotation accuracy in the trade system of the KASE is set at four decimal places in clean prices. The market-maker of TXBNb1 at the KASE is given to R.G. Securities LLP (Almaty) based on its application. Minimum volume of mandatory quotations is set for the market-maker at 400 bonds. The opening date of the trades in these bonds at the KASE, as well as the information on the admittance of these bonds into the list used to calculate KASE_BP, KASE_CP and KASE_BY indexes will be given later. More detailed information on the bond issue and the issuer is published by IRBIS [in special bulletin](#).

From September 25, 2001, by the decision of the Board of the KASE, based on the decision of the Exchange council, dated September 24, 01, third issue **preferred shares of Shymkentnefteorgsintez OJSC** (SHNOS OJSC, Shymkent; processing of oil and sales of oil products; KZ1P37400317, KASE trade code – SYRGr) were transferred from category "A" into category "B" of the Exchange's official list of securities. The decision was made because of the absence of the issuer's market-maker from August 10, 2001, which, based on existing norms of the KASE, should maintain bid and ask quotations of these shares in the trade system of the Exchange, thus maintaining a liquid market for the securities. The market-maker status of SYRGr at the KASE was activated for Kazkommerts Securities OJSC (Almaty) from June 26, 2000. However, because of the absence of the shares on the market, this brokerage-dealing company actually was not able to put out the quotations of the shares regularly, and it applied to the Exchange to free it from the status of market-maker,

which was satisfied on July 27, 2001. There was no other market-maker, and it became a reason for the decrease in the listing category of SHNOS OJSC preferred shares.

The agency IRBIS emphasizes that regular quotation of the SHNOS OJSC third issue preferred shares at the KASE (previous issues have been cancelled) is impossible mainly due to the absence of sufficient amount of shares in the country. The shareholders of the company are not interested now in selling them to the market-maker. Therefore, the decrease in listing category of SYRGp **does not mean the worsening of the issuer's situation**. It can be inferred from the presence of other securities of SHNOS OJSC in official list of the KASE under category "A": third issue common inscribed shares (KZ1C37400310, KASE trade code – SYRG) and first issue inscribed coupon bonds (KZ2CUY03A339, SYRGb1, \$100, \$25m, Feb 26.01 - Feb 26.04, semiannual coupon at 10.0% APR). The latest financial statements also demonstrate it (see below).

SECTOR OF GOVERNMENT SECURITIES (GS)

Primary market

In this sector of the Exchange initial offerings of three municipal bonds were held in last week.

On September 20, 2001 an initial offering auction was held in the trade system of the Kazakhstan Stock Exchange (KASE) for floatation of the second issue inscribed coupon bonds of local executive body of Astana. Only competitive bids were accepted at the auction. The bonds were offered by the issuer at face value. The trades were held over a fixed coupon rate, which will be paid to the bondholders semiannually. Following are the issue parameters and complete results of the auction.

Type of the securities		inscribed coupon bond indexed towards KZT/USD rate fluctuation
NIN		KZZ2KY010026
KASE trade code		ASU012.002
Face value, USD		100.00
Auction date		Sept 20.01
Payment date (till 4:00PM ALT)		Sept 21.01
Circulation begins on (first day of coupon accrual)		Sept 22.01
Maturity date (planned / actual)		Sept 20.02 / Sept 20.02
Circulation term		364 days (1 year)
Coupon		semiannual
Coupon payment dates (planned / actual)	1	March 22.02 / March 22.02
	2	Sept 20.02 / Sept 20.02
Announced issue volume, KZT		916,200,000.00
Floatation at the auction, KZT		916,200,000.00
Calculation basis		actual/364
Servicing rate on payment date (KZT/USD)		147.70
Number of participants - members of KASE		6
Volume of submitted bids, number of bonds		440,465
Volume of submitted bids, KZT		6,505,668,050.00
Minimum yield on demand, % APR		8.0000
Maximum yield on demand, % APR		9.8000
WA yield on demand, % APR		8.8787
Volume of satisfied bids, number of bonds		62,031
Volume of satisfied bids, USD		6,203,100
Volume of satisfied bids, KZT		916,197,870
Specified yield, % APR		8.5000

A total of 28 bids were made at the auction, of this number 25 bids remained active at the closing of the auction. Demand exceeded the supply 7.10 times at the auction. The clients of the banks, members of the Exchange (including different investors such as other banks) expressed the greatest in buying the bonds, who accounted for 75.3% of the demand. The proportion of bids submitted by the banks themselves reached 21.2%. The Pension Assets Management Companies accounted for 3.5%. After the issuer has conducted a cut-off procedure and thus, set the coupon rate at 8.50% APR, 6 bids have been satisfied, which have been submitted by 3 members of the Exchange. By the results of the auction, 71.7% of the bonds was purchased by the clients of the banks. The banks bought 28.3%. And the issuer placed all planned issue volume.

All settlements regarding the bond issue servicing are made in Kazakhstani tenge at KZT/USD rate of the National Bank of Kazakhstan set on the date preceding the settlement date. The bonds are quoted in clean price with four digit accuracy. The market-maker status of the bonds at the Exchange is given to Fondovyi servis CJSC, which should maintain mandatory bids of the bonds in the trade system of the KASE for at least \$3,000 at face value.

On September 25, 2001 initial public offering of **second issue** inscribed coupon bonds of **Atyrau region** local executive body was held in the Trade system of KASE. Only competitive bids were accepted at the auction. Bonds were offered at face value. The coupon rate was a subject of an auction, which will be paid to the bond holders two times a year. Following are the parameters of the issue and complete auction results.

Type of securities	inscribed coupon bond indexed by the KZT/USD exchange rate fluctuation
NIN	KZE4KY020023
KASE trade code	ARU024.002
Face value, USD	100.00
Auction date	Sept 25.01
Settlement date (till 4:00PM ALT)	Sept 25.01
Circulation begins on (first accumulated interest accrual date)	Sept 26.01
Maturity (planned / actual)	Sept 25.03 / Sept 25.03
Circulation term	730 days (2 years)
Coupon	semiannual
Coupon payments dates (planned / actual)	1 March 26.02 / March 26.02 2 Sept 25.02 / Sept 25.02 3 March 26.03 / March 26.03 4 Sept 25.03 / Sept 25.03
Announced issue volume, KZT	1,880,663,000.00
Floated volume, KZT	1,880,663,000.00
Time basis	actual/365
Servicing exchange rate (KZT/USD)	147.70
Number of participants - KASE members	4
Volume of submitted bids, bonds	30,650
Volume of submitted bids, KZT	452,700,500.00
Demand to supply, %	24.1
Minimum yield on demand, % APR	8.0000
Maximum yield on demand, % APR	9.5000
WA yield on demand, % APR	8.8752
Volume of satisfied bids, bonds	2,000
Volume of satisfied bids, USD	200,000.00
Volume of satisfied bids, KZT	29,540,000.00
Specified rate, % APR	8.0000

A total of 12 bids were made at the auction. The banks, which accounted for 80.1% of the demand, expressed the greatest interest in bonds. The clients of the banks (including different investors such as other banks) accounted for 16.3% of the demand and brokerage-dealing companies created 3.6% of demand. After the issuer has conducted a cut-off procedure and thus, set the coupon rate at 8.00% APR, only one bid has been satisfied, which has been submitted by one of the bank clients. By the results of the auction, the issuer was able to float only 0.16% of the issue volume.

All settlements regarding the servicing of the bonds are made in Kazakhstani tenges at the KZT/USD official rate of the National Bank of Kazakhstan, effective on the date prior to settlement date.

On September 25, 2001 initial public offering of **third issue** inscribed coupon bonds of **Atyrau region** local executive body will be held in the Trade system of KASE. Only competitive bids were accepted at the auction. Bonds were offered at face value. The coupon rate was a subject of an auction, which will be paid to the bond holders two times a year. Following are the parameters of the issue and complete auction results.

Type of securities	inscribed coupon bond indexed by the KZT/USD exchange rate fluctuation
NIN	KZE4KY050038
KASE trade code	ARU060.003
Face value, USD	100.00
Auction date	Sept 25.01
Settlement date (till 4:00PM ALT)	Sept 25.01
Circulation begins on (first accumulated interest accrual date)	Sept 26.01
Maturity (planned / actual)	24.09.06 / 25.09.06
Circulation term	1,825 days (5 years)
Coupon	semiannual
Coupon payments dates (planned / actual)	1 March 26.02 / March 26.02 2 Sept 25.02 / Sept 25.02 3 March 26.03 / March 26.03 4 Sept 25.03 / Sept 25.03 5 March 25.04 / March 25.04 6 Sept 24.04 / Sept 24.04

	7	March 25.05 / March 25.05
	8	Sept 24.05 / Sept 26.05
	9	March 25.06 / March 27.06
	10	Sept 24.06 / Sept 25.06
Announced issue volume, KZT		870,746,576.00
Floated volume, KZT		870,746,576.00
Time basis		actual/365
Servicing exchange rate (KZT/USD)		147.70
Number of participants - KASE members		3
Volume of submitted bids, bonds		8,600
Volume of submitted bids, KZT		127,022,000.00
Demand to supply, %		14.6
Minimum yield on demand, % APR		8.6000
Maximum yield on demand, % APR		12.0000
WA yield on demand, % APR		10.7279
Volume of satisfied bids, bonds		100
Volume of satisfied bids, USD		10,000.00
Volume of satisfied bids, KZT		1,477,000.00
Specified rate, % APR		8.6000

A total of 5 bids were made at the auction. The banks, which accounted for 69.8% of the demand, expressed the greatest interest in bonds. The brokerage-dealing companies created 30.2% of demand. Other investors did not participate at the offering. After the issuer has conducted a cut-off procedure and thus, set the coupon rate at 8.60% APR, only one bid has been satisfied, which has been submitted by a brokerage-dealing company. By the results of the auction, the issuer was able to float only 0.17% of the issue volume.

All settlements regarding the servicing of the bonds are made in Kazakhstani tenges at the KZT/USD official rate of the National Bank of Kazakhstan, effective on the date prior to settlement date.

Secondary market

In GS purchase and sale sector of KASE a total volume of 77 deals did not exceed **KZT2,450.3m** (\$16,587.6 th.). Last week the turnover equaled KZT2,480.3m with 64 deals made. Stability of the volume was influenced by an approximate constant (and low) liquidity of the financial market, where participants give preference to repo deals.

The deformation of the turnover structure seemed interesting during the week, which is the continuation of the trends of the last week. Particularly, the proportion of the deals made in the shortest bonds is increasing. However, no change is observed in their yields, since traders traditionally use this instrument to regulate the liquidity of their companies temporarily. It should be noted also, that the ask prices of the long securities are still not favorable for the buyers, and they stick to short securities quite often or work in repo sector.

The market of mid-term bonds is expanding, whose proportion has never been such big in total volume of deals. The plan of the Ministry of Finance to get a harmonical picture of the rates on the market of GS with different maturities led to the growth of yields of MEOKAM at the initial offering, which had reflected in the trades of the KASE. The offering volume of previously issued MEOKAM increased, and therefore their prices are tend to fall. It caused the trades to get active and yields to maturity of bonds to increase for the buyers (see the table).

Parameters of stock exchange transactions in GS from September 20 through 26

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
Discounted GS (KZT): notes, MEKKAM-12						
19.7% (9.8%) of purchase and sale sector's turnover						
8 – 14	4.52	5.05	4.52	4.64 (5.19)	110.0	3
15 – 28	4.51	5.83	5.83	5.26 (4.74)	372.3	7
Total					482.3 (242.0)	10 (10)
Coupon GS (KZT): MEOKAM-24, 36, 48, MEAKAM						
66.4% (55.6%) of purchase and sale sector's turnover						
less than 730	6.98	9.05	9.00	7.90 (7.89)	260.89	6
731 - 1,095	8.47	9.46	9.02	8.84 (8.66)	741.87	22
1,096 - 1,460	8.20	8.20	8.20	8.20 (7.98)	15.01	1
more than 2191	11.92	12.32	11.92	12.12 (12.32)	608.78	2
Total					1,626.5 (1,378.1)	31 (33)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
Coupon GS (USD/KZT): VKU					1.2% (4.6%) of purchase and sale sector's turnover	
731 - 1,095	8.38	8.38	8.38	8.38 (8.38)	30.4	1
Total					30.4 (114.1)	1 (2)
Euronotes of Kazakhstan (USD)					12.3% (30.0%) of purchase and sale sector's turnover	
*367 - 372	5.56	5.79	5.56	5.57 (5.71)	66.2	3
***2,025 - 2,031	6.9401	7.25	6.94	6.99 (7.04)	234.0	31
Total					300.3 (744.6)	34 (18)
Supranational bonds (USD)					0.4% (0.1%) of purchase and sale sector's turnover	
532	3.52	3.52	3.52	3.52 (3.55)	10.7	1
Total					10.7 (1.5)	1 (1)
GRANDTOTAL					2,450.3 (2,480.3)	77 (64)

Notes: for euronotes (* - second issue, ** - third issue, *** - fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange, over domestic devaluation indexed bonds - official exchange rate; yield over coupon bonds are shown at semiannual basis.

The sector of euronotes trades is still sluggish and gradually narrowing. It is hard to change anything here. The ask volume is still insignificant. 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 **6.76 (+0.56)**; **KASE_EP** – 129.83 (-0.01%); **KASE_EC** – 113.07 (-0.13%). Last week **KASE_EY** decreased by 0.52.

In GS repo sector 151 deals for a total of KZT15,773.2m were made during the period. Of this number 75 deals (for KZT8,398.3m) were repo opening deals and 76 (KZT7,374.9m) were repo closing deals. Last period the turnover of this market sector equaled KZT23,596.4m. As it has been said above, low liquidity of the market, caused by the sales of big volumes of dollars by the banks clients, are predetermining a great demand for the short money, which resulted in such bid volumes. However, during this period the correspondent accounts of the BST slightly increased and it caused the repo market to shrink at the Exchange. After closing of the trades on September 26 total amount of opened repo equaled **KZT5,110.0m**.

Total of 228 deals amounting to **KZT18,223.4m** were made in government securities on all trade floors of **KASE** during the week (purchase-sale and repo sector). A week ago volume of 216 deals was KZT26,076.7m. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations equaled **92.1%**, for last week it was 97.8%.

INFORMATION ON COMPANIES

SHNOS OJSC (Shymkent; oil processing and sales of oil products) provided the KASE with its financial statements for the first quarter of 2001: balance sheet, income statement.

Comparable figures of financial and economic activities of SHNOS OJSC in I quarter of 2001

(in th. KZT, unless otherwise specified)

Ratio	As of Apr.1 '00	As of Apr.1 '01	Change, %
Authorized capital (announced)	100,000	100,000	0
Authorized capital (paid)	83,096	62,323	-25.0
Shareholders' equity	17,974,976	28,710,810	+59.7
Total assets	22,452,187	32,385,060	+44.2
Net working capital	9,942,477	20,722,023	+108.4
Accounts receivable	10,483,154	16,704,813	+59.3
Liabilities	4,301,436	3,674,250	-14.6
Accounts payable	3,165,561	2,203,013	-30.4
Sales (services)	11,722,125	12,120,087	+3.4
Cost of goods sold	7,678,277	9,718,285	+26.6
Net income (loss)	3,691,474	1,057,245	-71.4
Book value of a share, KZT	287.54	460.9	+60.3

Compared to similar period of year 2000 growth took place in: **shareholders' equity** of the company by KZT10.7 bln, or 59.7% as a result of increase and total sum of non distributed revenue by 10.8 bln at the decrease of paid authority capital by 20.8m; **assets** – by KZT9.9 bln, or 44.2% due to increase of accounts payable by KZT6.2 bln and inventory reserves by KZT3.9 bn; **liabilities** – by KZT627.2 bln, or 14.6% due to redemption of bank credits total for KZT1.3 bln, decrease of accounts payable by KZT786.8 bln, at increase of other liabilities by KZT1.5 bln; **sales** – by KZT398.0 bln, or 3.4%; **cost of goods sold** – by KZT2.0 bln, or 26.6%; **expenses of the period** – by KZT16.5m or 1.7%. **Net income** of the company in the first quarter of 2001 totaled KZT1.1 bln that is less than KZT2.6 bln or 3.5 times of similar period of last year.

Mangistaumunaigas OJSC (Aktau; exploration and transportation of gas; oil processing, sales of oil and oil products; exploitation and development of oil and gas fields) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement.

Comparable figures of financial and economic activities of Mangistaumunaigas OJSC in I quarter of 2001

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change, %
	July 1 '00	July 1 '01	
Authorized capital (paid)	10,894,602	10,894,602	0
Authorized capital (less treasury stock)	10,894,602	10,892,027	-0.02
Shareholders' equity	23,580,601	30,158,262	+27.9
Total assets	62,630,571	92,995,720	+48.5
Net working capital	-792,624	-2,160,733	-172.6
Accounts receivable (net)	26,524,349	38,958,151	+46.9
Liabilities	39,049,970	62,837,458	+60.9
Accounts payable	35,284,702	48,681,829	+38.0
Sales	43,508,486	56,518,391	+29.9
Cost of goods sold	16,658,005	27,618,981	+65.8
Net income	1,387,554	6,017,209	+333.7
Book value of a share, KZT	2,164.43	2,769.49	+28.0

Compared to I half of 2000 growth took place in: **shareholders' equity** of the company – by KZT6.6 bn as a result of an increase in final amount of undistributed income by KZT7.3 bn, reserve capital – by KZT615.7m, with a decrease in additional unpaid capital (re-evaluation of fixed assets) – by KZT1.3 bn; **assets** – by KZT30.6 bn, of which KZT12.4 bn is accounts receivable, KZT6.8 bn – residual value of fixed assets, and KZT3.7 bn – net value of inventory; **liabilities** – by KZT23.8 bn, including, KZT13.4 bn of accounts payable, KZT8.6 bn – created reserves (on liquidation of oil and gas equipment and rehabilitation of soil, as well as possible fines); **sales** – by KZT13.0 bn; **cost of goods sold** – by KZT11.0 bn; **Expenses of the period** decreased by KZT4.2 bn, or 19.7% relative to similar period of last year, including, sales expenses – by KZT3.1 bn, or 27.4%, general and administrative expenses – by KZT1.1 bn, or 10.9%. Reserves on liquidation of oil and gas equipment and rehabilitation of soil was formed at KZT5.3 bn as of July 1, 2001, against KZT2.8 bn on similar date in 2000. **Net income** of the company in I half of 2001 equaled KZT6.0 bn, which is KZT4.6 bn, or 4.3 times more than in similar period of last year.

Also, Mangistaumunaigas OJSC provided the KASE with its financial statements for the I quarter of 2001: balance sheet and income statement. No comparison is given to similar period of 2000 because the company did not provide financial statements for the first quarter of 2000.

Comparable figures of financial and economic activities of Mangistaumunaigas OJSC in I half of 2001

(in th. KZT, unless otherwise specified)

Ratio	As of	As of
	Jan 1 '01	Apr 1 '01
Authorized capital (paid)	10,892,027	10,892,027
Shareholders' equity	24,144,550	32,858,949
Total assets	76,661,087	86,043,335
Net working capital	-4,272,990	3,526,539
Accounts receivable	41,298,551	47,809,545
Accounts payable	40,863,975	41,072,164
Liabilities	52,516,537	53,184,386
Sales	106,193,223	27,213,686
Cost of goods sold	31,275,487	14,078,678
Net income (loss)	18,324,116	8,717,703
Book value of a share, KZT	2,217.24	3,016.79

Astana-finance OJSC (Astana; some banking services, investing, financing economic and social development projects of Astana, as well as other activities specified in the charter and licenses) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement.

Comparable figures of financial and economic activities of Astana-finance OJSC in I half of 2001

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change, %
	July 1 '00	July 1 '01	
Authorized capital (issued)	3,100,000	2,000,000	-35.5
Authorized capital (paid)	1,546,627	1,820,875	+17.7
Shareholders' equity	1,728,383	2,255,495	+30.5
Total assets	15,166,948	8,029,232	-47.1

Ratio	As of	As of	Change, %
	July 1 '00	July 1 '01	
Accounts receivable	5,988,277	1,306,475	-78.2
Loan portfolio	5,394,456	5,072,904	-6.0
Liabilities, total	13,438,565	5,773,737	-57.0
Funds raised (credits)	9,364,128	5,487,152	-41.4
Accounts payable	4,072,067	283,351	-93.0
Operating income	2,577,751	524,131	-79.7
General expenses	2,575,995	414,052	-83.9
Net income of the period	1,756	110,079	+6,168.7
Book value of a share, KZT	1,117.52	1,238.69	+10.8

Compared to I half of 2000: **shareholders' equity** of the company increased by KZT527.1m as a result of an increase in paid part of authorized capital by KZT274.2m, reserve capital – by KZT144.5m, net income – by KZT108.3m; **assets** decreased by KZT7.1 bn, which was caused by the repayment of accounts receivable at KZT4.7 bn and decrease in investments in authorized capitals of other legal entities by KZT1.9 bn; **loan portfolio** decreased by KZT321.6m; **liabilities** decreased by KZT7.7 bn, including, KZT3.9 bn of credit repayments, KZT3.8 bn – repayment of accounts payable; **operating income** fell by KZT2.1 bn; **general expenses** fell by KZT2.2 bn. **Net income** of the company in I half of 2001 equaled KZT110.1m, which is KZT108.3m, or almost 63 times more than in similar period of last year.

Bank TuranAlem OJSC (Almaty) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement.

**Comparable figures of financial and economic activities
of Bank TuranAlem OJSC in I half of 2001**

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change, %
	July 1 '00	July 1 '01	
Authorized capital (paid)	10,626,710	12,870,230	+21.1
Shareholders' equity	7,351,959	12,571,568	+71.0
Total assets	56,936,662	110,491,124	+94.1
Liquid assets	15,324,634	24,608,755	+60.6
Loans granted (net)	35,361,495	75,750,932	+114.2
Liabilities, total	49,584,743	97,919,556	+97.5
Loans and deposits (including bonds)	44,960,596	89,897,964	+99.9
Operating income	6,646,483	10,591,783	+59.4
General expenses	5,791,984	8,938,234	+54.3
Net income of the period	854,499	1,653,549	+93.5
Book value of a share, KZT	6,918.38	9,767.94	+41.2

Compared to I half of 2000 growth took place in: **shareholders' equity** of the bank – by KZT5.2 bn, including: floatation of fifth issue of shares – by KZT2.2 bn, undistributed income – by KZT3.0 bn and additional capital – by KZT1.6 bn; **assets** – by KZT53.6 bn, of which, loan portfolio increased by KZT40.4 bn, amounts in correspondent accounts – by KZT4.2 bn; **liabilities** – by KZT48.8 bn, including, KZT24.8 bn of deposits, credit attracted by KZT16.1 bn, and bond liabilities by KZT4.0 bn; **operating income** – by KZT3.9 bn; **expenses** – by KZT3.1 bn. **Net income** of Bank TuranAlem OJSC in I half of 2001 equaled KZT1.7 bn, which is KZT799.1m more than in similar period of last year.

Halyk Bank of Kazakhstan OJSC (Almaty) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement.

**Comparable figures of financial and economic activities
of Halyk Bank of Kazakhstan OJSC in I half of 2001**

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change, %
	July 1 '00	July 1 '01	
Authorized capital (paid)	3,615,067	5,422,600	+50.0
Shareholders' equity	5,517,880	8,127,689	+47.3
Total assets	70,558,858	104,374,122	+47.9
Liquid assets	30,661,578	23,356,685	-23.8
Loans granted (net)	28,346,449	67,814,190	+139.2
Liabilities, total	65,040,978	96,246,433	+48.0
Loans and deposits (including bonds)	57,051,657	87,326,309	+53.1
Operating income	6,546,139	9,027,448	+37.9
General expenses	6,467,798	8,738,652	+35.1
Net income of the period	78,341	288,796	+268.6
Book value of a share, KZT	152.64	149.89	-1.8

Compared to I half of 2000 growth took place in: **shareholders' equity** of the bank – by KZT2.6 bn, including: floatation of fifth issue of shares – by KZT1.8 bn, undistributed income – by KZT313.1m, additional capital – by KZT361.5m, accumulations in reserves and funds – by KZT127.7m; **assets** – by KZT33.8 bn, as a result of increase in net volume of loan portfolio by KZT39.5 bn, with a decrease in securities in the bank's portfolio by KZT7.0 bn; **liabilities** – by KZT31.2 bn, including, KZT25.9 bn of deposits and KZT5.3 bn of other liabilities (also loans, bond liabilities and others); **operating income** – by KZT2.5 bn; **expenses** – by KZT2.3 bn. **Net income** of Halyk Bank of Kazakhstan OJSC in I half of 2001 equaled KZT288.8m, which is KZT210.5m more than in similar period of last year.

SHNOS OJSC (Shymkent; processing of oil and sales of oil products) provided the KASE with its financial statements for the I half of 2001: balance sheet and income statement.

Comparable figures of financial and economic activities of SHNOS OJSC in I half of 2001

(in th. KZT, unless otherwise specified)

Ratio	As of	As of	Change,
	July 1 '00	July 1 '01	%
Authorized capital (announced)	100,000	100,000	0
Authorized capital (paid)	83,096	62,323	-25.0
Shareholders' equity	20,161,200	28,762,079	+42.7
Total assets	26,571,608	33,097,396	+24.6
Net working capital	12,275,318	20,731,603	+68.9
Accounts receivable (net)	14,137,134	16,684,754	+18.0
Liabilities	6,236,259	4,335,347	-30.5
Accounts payable	5,984,234	2,502,913	-58.2
Sales	34,637,303	26,963,636	-22.2
Cost of goods sold	21,080,949	23,039,426	+9.3
Net income of the period	5,877,696	1,108,514	-81.1
Book value of a share, KZT	322.51	461.73	+43.2

Compared to I half of 2000: **shareholders' equity** of the company increased by KZT8.6 bn as a result of increase in final amount of undistributed income by the same amount; **assets** increased by KZT6.5 bn, of which KZT2.5 bn is accounts receivable and KZT2.6 bn is cash and their equivalents; **liabilities** fell by KZT1.9 bn; **sales** fell by KZT7.7 bn; **cost of goods sold** rose by KZT2.0 bn; **expenses of the period** fell by KZT26.0m or 1.1%. **Net income** of SHNOS OJSC in I half of 2001 equaled KZT1.1 bn, which is KZT4.8 bn or 5.3 times less than in similar period of last year.

CHANGES IN NORMATIVE BASE

By the decision of the Board of the Kazakhstan Stock Exchange (KASE), dated September 19, 2001, amendments were made into internal document of the KASE “**Calculation of amount of deal and yield of bonds methodology**”, regarding the calculation procedure of the dirty price of the supranational bonds which are admitted to the KASE and denominated in euro or in any other currency of the eurozone.

Based on innovations, dirty price of the supranational bonds denominated in euro will be calculated in tenge at the rate which is determined on the day when the deal was made on using following formula:

KE = KU * UE, where

KE – basic KZT/EUR exchange rate;

KU – KZ/USD rate of the morning (main) session of the KASE;

UE – USD/EUR exchange rate on FOREX market based on bid price at 11:00AM Almaty time (main source – REUTERS, additional sources – Internet web sites).

Dirty price of the supranational bonds denominated in other currency of the eurozone will be calculated in tenge at the rate which is determined on the day when the deal was made on using following formula:

KX = KE / XE, where

KX – basic KZT exchange rate towards bond denomination currency;

KE – KZ/EUR rate calculated using the above mentioned methodology;

XE – exchange rate of the denomination currency towards euro set by the European Central Bank on January 1, 2002.

All exchange rates are taken into account with four digit accuracy, and then entered into the trade system of the KASE on a daily basis before the trades in supranational bonds, which are held at the Exchange from 11:30AM to 5:00PM Almaty time.

KASE MEMBERS

By the decision of the Board of Kazakhstan Stock Exchange (KASE), dated September 25, 2001, **ATERA capital LLP** (Almaty) was excluded from membership of KASE under “C” category (with the right to participate

in futures contract trades). The decision was based on the liquidation of the partnership and it actually means it has been removed from the membership of KASE.

KASE NEWS

By the decision of the Board of the KASE, dated September 20, 2001, and on the basis of a letter from Central Depository of Securities CJSC (CDS, Almaty), **on September 20, 2001** debentures of International Bank for Reconstruction and Development (IBRD) were admitted to circulation in the supranational bonds sector. The issue number is **DE0001282705**. The bonds were assigned a trade code IBRDD120405. Accuracy of quotations in the KASSE trade system is set at 4 decimal points. The quotations of the bonds will be put out at the KASE at clean price (excluding accumulated interest), expressed in percents of the face value.

By the same decision of the Board of the KASE, and based on the application of the State Accumulative Pension Fund (SAPF, Almaty), the SAPF was assigned a status of a market-maker of the IBRDD120405 bonds at the KASE.

Following is the specification of the bonds:

Type of the securities:	debentures
International identification number:	DE0001282705
KASE trade code:	IBRDD100405
Issue currency:	German mark
Issue volume, USD:	3,000,000
Circulation beginning date (issue date):	April 12, 95
Circulation term:	10 years
Maturity date:	April 12, 05
Coupon rate:	7.125% APR
Coupon payment dates:	Each year on April 12
Calculation base for coupons:	30/360
Initial offering discount:	99.6730% of face value
Yield at initial floatation:	7.1719% APR
Current market return, REUTERS:	5.560 -5.650 / 5.537 -5.620
KASE settlements:	in tenge at EUR-DEM-USD cross rate based on the methodology of the Exchange
Minimum lot size at the KASE:	DEM10,000 at face value

The data on the structure of the bonds were presented based on the information of the BLOOMBERG agency. The initial offering yield estimated by IRBIS from offering price using methodology accepted at KASE.

On September 27, 2001 at KASE initial public offering of first issue **inscribed coupon bonds of Joint Bank LARIBA-BANK OJSC (Almaty)** (KZ2CUY03A396; official list of the KASE securities of category "B", LAR1b1; \$1,000; \$1m; Aug 16.01 - Aug 16.04, semiannual coupon at 7.75% APR, secured with the collateral of the issuer's property and guarantee of the USAID) will be held in the trade system of KASE. Auction will be held in the trade system of KASE from 11:30AM till 1:00PM of Almaty time. The bonds purchased at the auction should be paid by the buyers not later than till 4:00PM Almaty time on September 27, 2001. Only competitive bids are accepted at auction. "Clean" price of the bonds (without accumulated interest) should be expressed in the bids, in percents of the face value with four decimal points. Accumulated interest is 0.882639% of the face value as of payment date (in all settlements the time basis of 30/360 is used, the first accrual date is Aug 16, 01, no coupon is accrued on auction date). Total face value of the securities in the currency of the issue denomination, U.S. dollars, should be indicated as the quantity of the instruments. The volume of submitted bids at the auction will be determined as the product of the quantity of financial instruments and the price with accumulated interest and divided by 100%. The bids are satisfied at submitted price. The issuer will satisfy all the bids, where the price is greater than the cut-off price, as well as all or part of the bids, where the price is equal to cut-off price. In last case the bids submitted to the trade system of the KASE earlier will have a superiority. Cut-off incremental is one ten thousandth of the price. The payments for the bonds should be made as a total volume of satisfied bids in tenge at official rate of the tenge to U.S. dollar on the payment date, i.e. KZT147.70 per dollar. Bids can be made only by members of KASE of category "P" (right to participate in trades in corporate securities, which are admitted to official list of the Exchange). Investors may submit bids through these legal entities. Complete list of KASE members holding category "P" is published on (<http://www.kase.kz/kasemembers/>) web site of the Exchange.

The offered bonds are **mortgage bonds** and according to existing normative acts they can be bought using the pension assets of accumulative pension funds.

Prepared by the agency IRBIS

Second and third issue municipal bonds of Atyrau region were admitted to the KASE

Special issue based on the information of DB Securities (Kazakhstan) OJSC, Kazkommerts Securities OJSC (Almaty), Halyk Bank of Kazakhstan OJSC (Almaty), Kazakhstan Stock Exchange (KASE), and agency IRBIS

By the decision of the Board of the KASE, and based on the decision of the Exchange council of September 19, 2001, second and third issue of inscribed coupon bonds of local executive body of Atyrau region were admitted to the Exchange:

BOND ISSUE INFORMATION

Type of securities inscribed coupon bond indexed by the KZT/USD exchange rate fluctuation	
Issue number	2
NIN	KZE4KY020023
KASE trade code	ARU024.002
IRBIS registration number	2/24ARU
Face value, USD	100.00
Auction date	Sept 25.01
Settlement date (till 4:00PM ALT)	Sept 25.01
Circulation begins on (first accumulated interest accrual date)	Sept 26.01
Maturity (planned / actual)	Sept 25.03 / Sept 25.03
Circulation term	730 days (2 years)
Coupon	semiannual
Coupon rate	fixed
Coupon payments dates (planned / actual)	March 26.02 / March 26.02 Sept 25.02 / Sept 25.02 March 26.03 / March 26.03 Sept 25.03 / Sept 25.03 – – – – – – –
Register fixing date (coupon, maturity)	3 business days
Announced issue volume, KZT	1,880,663,000.00
Floated volume, KZT	1,880,663,000.00
Time basis	actual/365
Issue servicing	at KZT/USD rate of the National Bank of Kazakhstan effective on the date preceding the coupon or maturity date
Financial consultant	DB Securities (Kazakhstan) OJSC (Almaty), Kazkommerts Securities OJSC (Almaty), Halyk Bank of Kazakhstan OJSC (Almaty)
Legal advisor	White & Case LLP (Almaty)
Financial agent	KASE
Register maintained by	Central Depository of Securities CJSC (Almaty)
Quotation accuracy	four digits
Market-maker at KASE	Kazkommerts Securities OJSC

Coupon rates shown in the table were determined at the auction, which were held in the trade system of the KASE on September 25, 2001.

The bonds being offered are the government securities, which are issued in non-documentary form to receive financing resources for 4 Regional Investment Projects (RIP), which will be implemented in the region by the issuer in compliance with Loan granting rules of the Government of Kazakhstan and local executive bodies of Kazakhstan, approved by the resolution #1440 of Government of Kazakhstan, dated September 22, 2000, as well as by the resolution #1030 of the Government of Kazakhstan “On regional investment program and borrowings of local executive body of Atyrau region”, dated August 3, 2001. The RIP includes following projects:

- Providing gas supply to the settlements (contractor Atyraugasstroj LLP, 1998-2001, total financing – KZT6,109m);
- Construction of water purification mini facilities (Rytas CJSC, 2001, KZT431m);
- Road construction (Oblys Joldary HME, 1998-2001, KZT7,567m);

Issue, circulation and redemption procedures of the bonds are regulated by the “Issue, floatation, circulation, repayment and servicing rules for mid-term currency government securities of the local executive bodies”, which was approved by the resolution #1139 of the Government of Kazakhstan, dated September 4, 2001.

Municipal bonds could be purchased by Pension Assets Management Companies (PAMC) using the assets of Accumulative Pension Funds only with the approval of the Stock Market Regulatory Department (former National Securities Commission of Kazakhstan, NSC), which is given for each separate issue. Until now,

KASE **did not have** any documents regarding the second and third issue bonds of Atyrau region. Additional information will be given on the decision of the Department (if one will be made).

Following information is based on the conclusion of the KASE Listing commission and was not rechecked by the specialists of agency IRBIS. Akimat of Atyrau region, and its financial consultants are reliable for the reliability of the information presented to the KASE

CHARACTERISTICS OF ATYRAU REGION

General information

The region was founded on January 15, 1938 and initially called Guriev region. In January 1992 Guriev region and city Guriev (founded in 1640) were renamed into Atyrau region and city Atyrau.

The area of the region is 113.5 th. sq. km. It consists of one city and seven districts. The population – 443.4 th., including, 257.6 th. in city and 185.8 th. in rural areas. The density is 4 persons per sq. km. The most densely populated area is along the Ural river and regions adjacent to left bank of river Volga. The main water supply of the region is Ural river.

Unique fields of hydrocarbons (oil reserves at 9.8 bn tons, including about 7 bn at the Caspian shelf; 154.0 bn cu m of gas) have been discovered in the region, as well as borate, borate-salt ores, sodium chloride, potassium, potassium-magnesium salts, construction materials (chalk, marl rocks, gypsum, clay, sand, limestone). Reserves of explored fields of gypsum are 21 bn tons, potassium oxide – 11.5 bn tons, potassium salt – 697m tons, sodium chloride – 687m tons.

Main industries – oil, oil processing and petrochemical, fishery and fish processing. The major oil companies work in the region: Tengizchevroil JV LLP, OKIOC international consortium, which is conducting oil development at the Caspian shelf; one of the subsidiaries of NOC KAZAKHOIL CJSC – Kazakhoil-Emba OJSC, as well as major fish processor – Atyraubalyk OJSC. Besides, there are machinery, metal processing, oil and fishing equipment repairment industries are located.

The main agricultural sector of the region is live-stock breeding.

Industrial production

In 1999-2000 industrial output rate of Atyrau region was much greater than the national average. Based on the data of the Statistics Agency of Kazakhstan, in I half of this year industrial output of the region increased by 27% (13.6% for the country) relative to similar period of last year. In June 2001 rating agency Moody's Investors Service assigned ratings to Atyrau region, which corresponded to those of Kazakhstan at that time: "B1" in foreign currency, and "B1" in local currency. Forecast is stable.

The basis for the region's economic potential (more than 90% of the area's industrial potential) is focused around oil extraction. Financial conditions of the companies greatly depend on the world prices, which tend to fluctuate significantly. The biggest payer, Tengizchevroil JV LLP, accounts for the third (55.2% in 2000) of the region's budget.

The industrial production volume has been constantly increasing through growth of oil and gas production during the last 5 years. Growth of industrial production in real terms was maintained through increase in production and hydrocarbons prices. Most of the increase in industrial production in 2001 should come from oil extraction as well, including: Tengizchevroil JV LLP – 11.2m tons, Kazakhoil-Emba OJSC – up to 2.3m tons. By 2005 the production is to reach about 16m tons of oil and 4.5 bn cu m of gas.

Besides, in 2001 production of oil processing and petrochemical companies should increase by 10-20%. The Atyrau oil refinery (ANPZ) reconstruction project, which should start in 2002, should require \$308m in investments. Now, one of the Japanese companies are expected to act as a project developer. By 2005 the oil processing at ANPZ should exceed that of 2000 by 50%. Propilen LLP (founded on the basis of Propilen JSC, which was acquired by Tomsk plant of composite materials and plastics in 1999) plans to increase production 3.3 times against 2000. Chevron is undertaking a plastic pipe plant construction project with the capacity of 6.8 th. tons. Engineering-design and project works have been completed at the site.

Machinery production – Zaman-Neftemash LLP, Shelf JSC, have received orders from NOC KAZAKHOIL CJSC and KazTransOil CJSC (about KZT80m). Under the imports substitution program foreign oil companies are to place their orders at these machinery plants. Besides, Shelf JSC should receive orders from the Defense Ministry under the conversion program. As a whole, the machinery industry should increase production 1.4 times in 2005.

The production of construction materials is increasing in region due to the use of Inderisk minerals field development (Inderstroindustria CJSC).

As a result of general decline in fish production at the Caspian Sea, silting of eriks, decrease in hatchery area, insufficient volume of youngsters of sturgeons, it is expected that in 2001 the fish production and processing volumes will decline. Therefore, dredging is to be continued on a regular basis at Ural-Caspian channel, Ural and Kigash rivers. New fish processing plants are to be built (only 2 are functioning now).

In I half of 2001 the region produced KZT229.5 bn worth of output, or 27% more than in similar period of last year. In 6 months 7,879.2 th. tons of oil was extracted, or 29.2% more than similar figure of last year. Natural gas production reached 1,715.1m cu m, or 1.7 time increase.

Industrial production dynamics of Atyrau region in 1998-2000

Indicator	Measurement unit	1998	1999	1999/ 1998,%	2000	2000/ 1999,%	2001 (plan)
Industrial production output	bn KZT	87.8	191.9	118.6	393.0	104.8	450.0
Index of physical volume of industrial output	%	103.0	102.0	-1.0	110.0	7.8	107.0
Oil production	m tons	11.1	12.3	10.8	13.4	8.9	13.9
Natural gas production	bn cu m	3.9	4.6	17.9	5.1	10.9	5.3
Borate ore production	th. tons	13.1	20.6	57.3	28.5	38.3	30
Oil processing	m tons	2.7	1.9	-29.6	2.2	15.8	2.5
Engine fuel	th. tons	324.1	260.8	-19.5	290.5	11.4	450.0
Fuel oil	th. tons	1,117.6	652.4	-41.6	613.6	-5.9	900.0
Diesel oil	th. tons	834.5	651.7	-21.9	756.7	16.1	910.0
Sulfur	m tons	932.8	1,105.4	18.5	1,238.1	12.0	1,384
Fish products (including cans)	th. tons	5.9	2.8	-52.5	5.1	82.1	4.4
Sturgeon caviar	tons	30.0	22.3	-25.7	19.0	-14.8	18.0
Power	bn kWh	1.5	1.4	-6.7	1.8	28.6	1.9
Heat	m Gcal	1.4	1.3	-7.1	1.4	7.7	1.4

Transportation

Railroads, which has a length of 1,480 km, service major cargo flows of the region (mostly oil and oil products).

River transportation is stopped because of temporary incapability of navigation at Ural-Caspian channel (dredging has been continuing second year).

Pipeline transportation is consisted of oil and gas pipelines. The oil pipelines stretch for 1,237 km, and their capacity reaches 13m tons of oil a year. In 1998 CPC pipeline construction has began from the Kazakhstani fields to the Black Sea port of Novorossiisk, which will increase transportation up to 67.0m tons of oil a year. The first segment of the oil pipeline with 28m tons of capacity will be put into service in 2001.

Gas pipelines have the length of 3,058 km, and capacity of 40.8 bn cu m of gas a year. Now, the Central Asia-Center, Makat-North Caucasus gas pipelines are used to transport Turkmen gas (250m cu m a month) and that of Tengizchevroil JV LLP (0.8 bn cu m a year). Average annual natural gas consumption of the region is 574.2m cu m.

Automobile roads of general purpose has the length of 2,722 km, including 1,761 km of local roads (maintained through regional budget).

Atyrau sea port has routes with Iran, Azerbaijan, Turkmenistan and access to Azov and Black Sea through Volga river. Current dredging works at Ural-Caspian channel will increase transportation through Atyrau sea port.

Communication

The region has a quite developed communication system. In 1999 an old 5 ESS system was replaced with 10.1 version with 600 channel capacity. Under National Satellite System Network the DAMA systems were installed in all district centers and in Atyrau. Based on the country's telecommunication modernization program, Shymkent-Aktiubinsk-Atyrau-Russia fiber optics line is being built, which should provide with high quality digital communication channels with the other cities of the country and district centers. New electronic telegraph station STIN-E was put into service, DSPD station is launched, which will improve the data transmission quality, opened access to Internet and videoconferencing with all regions of the country.

For further development and modernization of the communication facilities of the region, local analog stations in district centers should be replaced to digital ones; in 2001 western branch of National Information Highway (NIH) should be built in Kzyl-Orda-Atyrau direction.

Small business

The administration of the region considers the development of small business one of the high priority tasks in overcoming one-industry based economy of the region, diversification of the region's revenues, solve social problems, including employment.

From 1997 funds have been allocated from the region's budget to finance small business, including: in 1997 – KZT39m, in 2000 – KZT140m, in 2001 – KZT200m planned. Besides, KZT870m will be allocated to finance small business under Regional Investment Program (RIP) through the funds raised with bond issue.

The output of the small businesses in 2000 equaled KZT6.8bn, which is more than 2 times increase against 1998. Also, the number of small businesses (11,503 in 1999, 12,195 in 2000) and their employment rates (27,263 in 1999, 27,842 in 2000) are also tend to grow. In general, the role of small business in local economy is still insignificant.

Agricultural sector

The core of agriculture in Atyrau region is live-stock breeding. During crisis in agriculture (1994-1997) the number of live-stock and poultry declined significantly. As dairy products factories stopped working and consumer cooperation system collapsed, along with great distances between settlements, distant pastures, lack of good roads typical to the region, meat, milk and other agriculture products sales problems arose. Sharp decline in number of poultry took place after only one poultry farm has stopped. The number of pigs was reduced as supplementary facilities of major industrial companies and construction companies fell apart.

To support local producers of agricultural goods, in 1997-1999 more than 80 agricultural projects have been financed through regional budget, which exceeded KZT60. At that time, debt of agricultural producers have been deferred regularly. Debt to regional budget amounting to KZT75.2m, which has built on Jan 1, 00, was deferred for 3 years. Transfer of the agricultural producers to patent taxation had a favorable impact on their financial conditions.

In 2001-2005 up to 70% of the regional budget will be used to undertake agricultural projects to support small and mid-sized businesses.

Investments

Atyrau region, thanks to its rich fields, is an interesting region for making investments. In terms of investment allocation, Atyrau region is among the most active regions in Kazakhstan. In 1999 investments into capital construction reached KZT68.4 bn, a 2.5 time increase against 1995. In January-June of this year investments increased by 37.1% relative to similar period of last year, at KZT69.1 bn, which is about 25% of the national budget. The major investors are: Tengizchevroil JV LLP, OKIOC, NOC KAZAKHOIL CJSC, KazTransOil CJSC and others. One of the high priority investment directions is the development of the region's infrastructure.

State administration

The state administration is carried out in the region by the akim of the region, who is a direct representative of the president of Kazakhstan. The akim has a control over its deputies and executive bodies represented by autonomous regional ones.

Administration of Atyrau Akim:

Akim of Atyrau region (from December 2000) – **Daukeev Serikbek Jusipbekovich** – graduated from KazPTI after V.I.Lenin (Almaty), Ph.D. in geology-mineral science.

Deputy of akim (from February 2000) – **Dosmagambet Ergali Mukanuly** – graduated from People's friendship university after Patris Lumumba (Moscow). Supervision role over: finance, treasury, statistics, customs, taxes.

Deputy of akim (from May 2000) – **Ishanov Kairat Kydyrbekovich** – graduated from KazPTI after V.I.Lenin (Almaty). Supervision role over: industry, capital construction, city construction policy, agricultural-fishery sector, emergency.

Deputy of akim (from February 2000) – **Ergaliev Farkhat Gapparovich** – graduated from KazPTI after V.I.Lenin (Almaty). Supervision role over: oil and gas sector, external relations, investments.

Deputy of akim (from February 1999) – **Mursalieva Taskira Kabievna** – graduated from Kazakh State University (Almaty). Supervision role over: public social protection, labor relations, public employment, education, health maintenance, social and cultural development, relations with political parties and other public organizations.

BUDGET OF ATYRAU REGION AND ITS PERFORMANCE

Budget revenues

The law defines complete list of tax revenues of the local budget, types of non-tax revenues to local budget, types of capital transactions, where income is received by the local budget, types of official transfers. The

source of budgetary revenues is the repayment of the principal debt on previous credits granted from the budget. The surplus of revenues over the annual budgetary withdrawals is at the discretion of the region.

Data on performance of Atyrau region budget in 1998-2000
(th. KZT, unless otherwise specified)

Budget article	Budget performance					
	2000		1999		1998	
	actual	% of plan	actual	% of plan	actual	% of plan
I. REVENUES	45,142,019	112.0	16,861,508	99.6	4,849,737	88.9
Revenues:	45,110,765	112.5	16,758,009	101.9	4,843,020	88.9
Tax revenues	44,465,829	112.1	16,364,255	103.5	4,091,611	85.2
Non-tax revenues	614,119	151.6	373,628	60.6	738,019	118.7
Capital transactions	30,817	119.0	20,126	104.5	13,390	67.7
Official transfers received	0	0.0	80,000	31.4	0	0
Repayment of debt, loans	31,254	14.7	23,499	10.2	6,717	3.6
II. EXPENSES AND FINANCING	39,634,322	94.9	16,716,013	98.8	4,864,229	86.7
Expenses:	39,437,146	94.9	16,592,783	98.7	4,843,316	86.7
State public services	630,967	89.7	280,754	98.6	219,491	95.5
Defense	247,067	88.7	108,913	98.3	63,747	68.9
Public security and safety	740,247	85.1	266,704	98.5	185,603	94.4
Education	4,352,042	97.7	2,996,487	99.6	1,948,719	91.7
Health	4,470,599	94.0	1,624,450	99.7	436,794	73.2
Social insurance and protection	995,474	90.1	1,127,701	99.8	1,364,765	86.8
Housing	6,066,620	85.0	1,318,891	88.3	174,696	91.1
Culture, sport and information	1,483,241	89.7	495,639	99.5	189,280	90.4
Agriculture, water, forestry, fishery and environment protection	143,066	85.8	54,542	96.2	109,264	62.2
Industry, construction and mineral resources use	50,458	99.0	30,000	100.0	94,400	73.4
Transportation and communication	4,094,610	99.6	1,174,652	100.0	-	-
Others	1,411,159	92.4	348,134	99.6	56,557	77.7
Official transfers	14,727,269	100.0	6,765,916	100.0	-	-
Financing	197,176	100.0	123,230	100.0	20,913	41.4
III. Deficit (-) / surplus (+)	5,507,697		145,495		-14,492	

Data on performance of Atyrau region budget in I half of 2001
(th. KZT, unless otherwise specified)

Budget articles	2001 plan	6 months 2001, plan	Budget performance		
			6 month of 2001	% of plan	% of year
I. REVENUES	41,441,457	26,200,238	27,896,601	106.5	67.3
Revenues:	41,252,599	26,125,031	27,881,310	106.7	67.6
Tax revenues	40,358,238	25,654,164	27,555,851	107.4	68.3
Non-tax revenues	823,738	445,292	256,187	57.5	31.1
Capital transactions	70,623	25,575	69,272	270.9	98.1
Repayment of debt, loans	188,858	75,207	15,291	20.3	8.1
II. EXPENSES AND FINANCING	48,009,449	32,768,230	27,950,691	85.3	58.2
Expenses:	47,837,461	32,631,942	27,924,408	85.6	58.4
State public services	569,192	426,738	189,172	44.3	33.2
Defense	210,516	153,611	102,194	66.5	48.5
Public security and safety	441,767	313,572	190,411	60.7	43.1
Education	4,284,586	2,675,761	1,755,502	65.6	41.0
Health	2,077,072	1,418,594	826,199	58.2	39.8
Social insurance and protection	1,719,639	1,150,212	602,265	52.4	35.0
Housing	5,778,704	2,227,834	1,489,204	66.8	25.8
Culture, sport and information	1,065,605	823,944	476,015	57.8	44.7
Agriculture, water, forestry, fishery and environment protection	208,248	189,183	69,748	36.9	33.5
Industry, construction and mineral resources use	63,500	63,500	15,000	23.6	23.6
Transportation and communication	1,341,381	345,896	206,300	59.6	15.4
Others	1,129,818	1,026,891	564,993	55.0	50.0
Debt servicing	157,547	101,143	53,648	53.0	34.1
Official transfers	28,789,886	21,715,063	21,383,757	98.5	74.3
Financing	171,988	136,288	26,283	19.3	15.3
III. Deficit (-) / surplus (+)	-6,567,992	-6,567,992	-54,090		

Due to the foundation of the National Fund of Kazakhstan, extra revenues from income tax collected from the companies working in production of raw materials (Tengizchevroil JV LLP, Kazakhoil-Emba OJSC, plan – KZT11.8 bn) are transferred to the National Fund (when the plan is not meet, the backwards mechanism is

launched, the Fund compensates for the losses of the budget). Moreover, from January 1, 2001 transfers at 10% of expected income tax revenues from legal entities should be transferred to the Fund from the regional budget.

Tax revenues account for the biggest proportion of the budget revenues, which increase each year both in monetary terms and in percentage. Thus, in 1998 tax revenues amounted to KZT4.1 bn, or 84.4% of all revenues, in 1999 – KZT16.4 bn, or 97.1%, in 2000 – KZT44.5 bn, or 98.5%, in I half of 2001 – KZT27.6 bn, or 98.8% of the revenues of Atyrau region's budget.

In 2000 forecasted figures on major sources of budget revenues were met with excess, which was caused by an increase in world oil prices, industrial and agricultural output volumes, and general level of prices on industrial products, improvement of financial discipline and reduction in mutual debt of the enterprises, increase in wages in 2000 (58.2% to 1999), improvement of taxation (as a result, missed amounts decreased from almost KZT1.3 bn in 1999 to KZT0.8 bn in 2000 relative to the revenues of the regional budget).

Main source of tax revenues is income tax from legal entities (in 1998 – 13.0%, in 1999 – 23.2%, in 2000 – 57.5%) and from private persons in 1998 – 12.1%, in 1999 – 27.5%, in 2000 – 17.5%).

Budget revenues mostly depend on the prices of crude oil and its production volumes. The major taxpayer is Tengizchevroil JV LLP, whose proportion reached 55.2% of all revenues in 2000 (in 1999 – 33.6%, in 1998 – 38.3%). The proportion of KazakhOil-Emba OJSC in 2000 – 11.9% (in 1999 – 8.2%, in 1998 – 7.8%). As a whole, budget revenues of these two companies amounted to KZT30.2 bn, or 67.1% of total revenues of the region.

Expenses

Beginning from 1999, after official transfers (budget withdrawals) to national budget (in 1999 – 40.5% of all expenses, in 2000 – 37.2%, plan for 2001 – 60.0%) the biggest share of budget expenses belongs to education (in 1998 – 40.1%, in 1999 – 17.9%, in 2000 – 11.0%, plan for 2001 – 10.3%), health (in 1998 – 9.0%, in 1999 – 9.7%, in 2000 – 11.3%, plan for 2001 – 5.0%), social insurance and protection (in 1998 – 28.1%, in 1999 – 6.7%, in 2000 – 2.5%, plan for 2001 – 4.1%), housing (in 1998 – 3.6%, in 1999 – 7.9%, in 2000 – 15.3%, plan for 2001 – 13.9%), transportation and communication (in 1999 – 7.0%, in 2000 – 10.3%, plan for 2001 – 3.2%).

Till 1999 Atyrau region was not obliged to make official transfers to the national budget. For 2001, based on the Law of Kazakhstan, dated April 25, 2001, "On making changes and amendments to the Law of Kazakhstan "On national budget for the year 2001" absolute amount of budgetary withdrawals for the region was set at KZT28,789,886 th., which is 69.5% of all revenues of Atyrau region's budget.

REGIONAL INVESTMENT PROGRAM OF ATYRAU REGION

According to issuer's information funds raised through offering of bonds will be used to finance four projects of **Regional investment program (RIP)**. Issuer implements RIP on the territory of region in accordance with rules for credits from the Government of the Republic of Kazakhstan and local executive bodies, ratified by the decree of Kazakhstan government #1440, of Sept 22, 2000, and also – the Decree of Kazakhstan government "On regional investment program and leasing by local executive body of Atyrau region", dated August 3, 2001, #1030.

Schedule of financing of RIP projects

Project, executor	Terms of implementation	Finance volume, KZT m			Result including money of issue
		Total	2001	loaned	
1. Supply of built up area with gas "Atyraugasstroy LLP"	1998-2001	6,109	2,539	930	548.4 (132) km of gas lines
2. Construction of water refinery stations Rystas LLP	2001	431	413	431	water supply of 7 (7) built up areas
3. Road construction KGP Oblys Zholdary	1998-2001	7,567	,833	519.7	201 (32.8) km of road
4. Small and medium business support, finance of final debtors through bank accounts	2000-2001	1,914	1,121	870.7	metal tiles 240 th square m per year. Printing products – 18 m prints per year; dwelling – 14.6 th. square m
Total		16,021	5,906	2,751.4	

RIP implementation will positively influence formation of basic macroeconomic ratios of region through increase of investments to main capital, residents engagement, increase of taxable base.

Project 1, 2, 3 are of infrastructure orientation. Projects 1 and 2 including the presupposed at realization of current expenses within five years are not recoupable. Project 3 is not recoupable due to its nature. Financial analysis of final loaners on Project 4 will be done by banks-loaners of second tier.

Projects of RIP Atyrau region, passed the tests in the Finance ministry and Ministry of economy and trade of the Republic of Kazakhstan. There is no remarks.

CHARACTERISTICS OF RISKS

Risks stated by consultants

Among the existing risks, that can have negative impact on the issuer's financial condition and its capability of meeting its obligations, the consultants emphasize on the risks typical to all issues of municipal bonds: political, economical, and legal, as well as risks associated with the issuer and his bonds.

First of all, the dependency of the budget revenues of the region on the world prices, which makes it difficult to forecast its revenues, when more than 90% of all industrial output of the region is represented by oil production. Also, the major taxpayer is Tengizchevroil JV LLP, whose proportion equaled 55.2% of all budget revenues in 2000. Kazakhoil-Emba OJSC accounted for 11.9% in 2000. Total of these two companies reached 67.1% of all budget revenues of the region in late 2000. Meanwhile, based on the resolution #255 of the Government of Kazakhstan, dated February 16, 2000 "On approval of budget performance financial procedures", in case if actual revenues of local budget happens to be lower than planned figures, the repayment and servicing of debt of local executive bodies have a higher priority over other expenses. By the decision of the extraordinary IX session of the Atyrau regional maslikhat of the II convocation, dated January 12, 2001, budgetary programs on servicing and repayment of the debt of local executive bodies are not subject to cut-off.

In this context, in the opinions of the consultants, a positive credit history of the issuer should be taken into account, who has made the repayment of the first bond issue amounting to KZT650.0m completely and in strict compliance with the schedule on July 10, 2001.

Consultants also note the issuer's right to call back the bonds, which makes it hard for the investors to forecast the cash flows related to the bond issue, creating refinancing risk.

The issue liquidity will be maintained by the market-maker, Kazkommerts Securities OJSC. However, there is no assurance that the secondary market of these bonds will be active.

Risks stated by Ministry of Finance of Kazakhstan

Currency risk. As the Ministry of Finance of Kazakhstan estimates, the size of currency risk or losses of local budget because of exchange rate difference may total KZT161.2m.

Financing risk. Financing schedule of the borrowers with a lump sum repayment of the debt creates a great risk of untimely and incomplete repayment of the funds.

Additional expenses. There are no additional expenses related to payments for consultations and other services of professional stock market participants. These expenses require additional sources, not related to Regional Investment Program, which should be reflected in expenses of the budget in respective year.

Besides, the Ministry of Finance also notes that akim of the region should take measures to reduce these risks to prevent overpayments in respective years.

Risks stated by Ministry of Economy and Trade of Kazakhstan

The Ministry of Economy and Trade of Kazakhstan notes that measures should be taken to use the funds from sales of gas and water on loan repayment, since Projects 1, 2 and 3, with clear social orientation, have no payback, which will lead to the use of regional budget funds to repay them partially (Project 1 and 2) or completely (Project 3).

First issue bonds of TexaKaBank OJSC passed the KASE listing under category “A”

Special issue based on the information of TexaKaBank OJSC, R.G. Securities LLP, Kazakhstan Stock Exchange (KASE), and agency IRBIS

On September 25, 2001, by the decision of KASE Board, and on the basis of the Exchange council's decision of Sept 24, 01, first issue inscribed subordinated coupon bonds of TexaKaBank OJSC were admitted to official list of the KASE securities under “A” category.

BONDS

Type of securities:	Inscribed subordinated coupon bonds
Security:	no security
Credit ratings of the issue:	absent
Credit ratings of the issuer:	absent
National identification number:	KZ2CKY05A416
Issue number in state register:	A41
Register maintained by:	Reestr service LLP (Almaty)
Issue registration date:	Aug 21, 01
Bond face value:	KZT1,000.00
Issue volume in KZT:	1,500,000,000.00
Issue volume in bonds:	1,500,000
Circulation starts on (issue date):	Sept 1, 01
Offering term:	5 years from the circulation starting date
Circulation term:	5 years
Maturity date:	Sept 1, 06
Coupon rate:	15.0% APR
Coupon payments dates:	March 1 and September 1 each year
Time basis for all payments:	30/360
Register fixing term for coupons:	30 days prior to payment date
Register fixing date for coupons:	February 1 and August 1 each year
Register fixing term for maturity:	30 days prior to maturity
Register fixing date for maturity:	Aug 1, 06
Issue financial consultant:	R.G. Securities LLP (Almaty)
Initial offering agent:	R.G. Securities LLP (Almaty)
Payment agent:	TexaKaBank OJSC
Admission date to KASE lists:	Sept 25, 01
Date of first trades:	to be determined
Trade code at KASE:	TXBNb1
Accuracy of quotations:	4 decimal places
KASE market-maker:	R.G. Securities LLP (Almaty)
Minimal volume of mandatory quotations:	400 bonds

The bonds will be repaid at face value on the maturity date with simultaneous payment of the last coupon by transferring money to the accounts of the bondholders, who have been registered in the register 10 prior the maturity date. If maturity date falls on week-end or holiday, then the settlement will be made on the next business day. The bondholder has no right to request any compensation for such payment delays. None of the bondholders has the right to request a call back of the bonds, except for cases specified by the Law of Kazakhstan.

The bank has the right to call back the bonds after 2 years of the circulation in compliance with the requirements of Kazakhstani law. The call back will be conducted at weighted average market value during the last 30 calendar days preceding the announcement date of the call back. The bonds will be called back only if the market rates on capital markets fall significantly, which will create excess burden on debt servicing under a new market conditions.

Based on the issuer's information, the funds raised through subordinate debt issue are to be used for general corporate goals, increase in trade financing and expansion of banking services.

ISSUER

Following information is based on the conclusion of the KASE Listing commission and was not rechecked by the specialists of agency IRBIS. Akimat of Astana, and its financial consultant are reliable for the reliability of the information presented to the KASE

General information

Date of initial state registration – July 1, 1993. The date of last re-registration – May 25, 1998. Legal status – open joint stock company. Primary activities – banking services. The legal and actual address of the head office – 28, Kaldayakov St., Almaty, 480100, Kazakhstan, tel +7 (3272) 500060, fax +7 (3272) 500063, telex 613984 TEXAS SU, email: post@texakabank.kz. Internet address – www.texakabank.kz.

The bank has no credit ratings from international rating agencies (there is no information about this in the materials of the Exchange).

Licenses

- State license #199 to conduct banking and other transactions in tenge and foreign currency, dated June 27, 2001;
- State license #0401100086 to conduct brokerage and dealing activities on the stock market with the right to handle client accounts as a nominal holder, dated July 15, 1999.

History

The bank was founded based on the agreement of March 19, 1993 in compliance with existing law of Kazakhstan.

In 1997 the bank became an official distributor of AMERICAN EXPRESS SERVICES EUROPE LIMITED, as well as a primary dealer on servicing the transactions with government securities. The bank is a member of S.W.I.F.T., MoneyGram, as well as an associated member of VISA, member of Kazakhstan Fund for Insurance of Deposits of Individuals CJSC, Kazakhstan Stock Exchange CJSC, Central Depository of Securities CJSC and participant of Association of Kazakhstani Financiers.

Characteristics of activities

TexaKaBank OJSC is oriented to serving small and mid-sized business. The proportion of financing in this direction reached 64% of the bank's loan portfolio as of August 31, 2001. The bank conducts transactions in issuing any kind of bank guarantees: payment, obligation meeting, credit, documentary acceptances.

TexaKaBank OJSC has a big clientele. Annual growth of the individuals served by the bank is 10%, legal entities is 5%. By 2003 the bank plans to have at least 4 th. clients. In coming years TexaKaBank OJSC plans to create following clientele base: major clients - 5%, small and mid-sized companies - 45%, individuals - 50%.

The bank has developed new system of deposits for its clients. Introduction of a new deposit program allowed the bank to increase the volume of time deposits by 90% in 2000 compared to 1999, at KZT745.0m. In I half of 2001 the volume of deposits increased by 62% (KZT1,205.4m). Annual growth of deposits is being observed also: in 1998 - KZT1,124m, in 1999 - KZT1,495m, in 2000 - KZT2,583m, in I half of 2001 - KZT3,015m. The proportion of call deposits will be at least 45% in the bank's liabilities.

From 1998 TexaKaBank OJSC started money transfer transactions through MoneyGram system. The turnover of funds through this system reached \$280 th. in 2000. Total amount of international transfers, including those made through MoneyGram, increased by 23% in 2000 against 1999. The bank offers its clients travelers checks of the US treasury, individual, corporate and bank checks.

In order to offer its clients more quick and complete information regarding their transactions with the bank, the bank specialists introduced Automated Banking Complex Software PRAGMA.

The bank pays special attention to increasing the range of services, including retail banking. Consumer and mortgage financing of the population have developed, acceptance of utility bills and making budgetary payments through the bank became a norm. Total volume of consumer and mortgage financing equaled KZT3.8m in 2000, including KZT1.7m of mortgage financing.

The bank conducts transactions on world markets, on government securities markets. In 2000 TexaKaBank OJSC made financial transactions with corporate bonds of NOC Kazakhoil CJSC and Halyk Bank of Kazakhstan OJSC.

One of the most important and perspective directions of the bank's activities on world markets is documentary transactions. The number of acceptances issued by the bank increased almost 2.5 times in 2000 relative to 1999, and in I half of 2001 it has doubled against 2000.

One of the perspective types of services is giving cash through plastic cards of POS terminal, which increased settlement speed with the clients. TexaKaBank OJSC can give cash through Visa, Europay/Master Card, Allyn, Diners Club cards to individuals, and has agreements with trade and service sector to service plastic cards. The bank plans to issue its own VISA cards.

Now, TexaKaBank OJSC has correspondent relations with a number of foreign banks (more than 10), including: in USA (American Express Bank, First Union National Bank, Comerica Bank, Bank of New York, Texas Central Bank), in Germany (Deutsche Bank AG, Dresdner Bank AG, American Express Bank GmbH), in Switzerland (Credit Suisse Bank), in Russia (Dialog-Optim), in Ukraine and other countries. To settle the accounts with correspondent banks it uses S.W.I.F.T. system.

TexaKaBank OJSC has one regional branch in Astana and 8 settlement centers.

Financial ratios

TexaKaBank OJSC provided the KASE with its financial statements made in compliance with the Kazakhstani Accounting Standards (KAS), as well as banking legislature.

Financial ratios of TexaKaBank OJSC by the data of the bank, in th. KZT, unless otherwise specified

Article	as of	as of	as of	as of
	Jan 1.99	Jan 1.00	Jan 1.01	July 1.01
Authorized capital, paid	285,409	497,400	526,220	526,220
Shareholders' equity*	437,645	908,772	1,022,302	1,514,882
Core capital*	429,745	475,213	901,841	1,011,346
Supplementary capital*	8,226	433,759	120,661	503,736
Total assets	1,611,200	2,442,099	3,714,144	4,813,315
Liquid assets	922,291	916,228	1,573,024	1,168,858
Loans granted, net	443,835	1,140,564	1,516,160	2,714,578
Liabilities	1,181,237	1,520,663	2,668,632	3,736,356
Loans and deposits	1,124,291	1,495,109	2,582,806	3,445,171
Operating income	401,242	449,697	637,119	343,592
General expenses	265,777	367,718	530,651	312,145
Net income	135,465	81,979	106,468	31,447
ROA, %	8.41	3.36	2.87	0.65
ROE, %	31.51	8.90	10.18	2.92

* – Shareholders' equity, core and supplementary capitals were calculated based on the methodology of the National Bank

From 1999 international audit of TexaKaBank OJSC financial statements is conducted based on International Accounting Standards. The auditing in years 1999-2000 has been made by Arthur Andersen (Almaty, Kazakhstan).

Financial ratios of TexaKaBank OJSC based on audited data, in th. KZT, unless otherwise specified

Article	as of	as of
	Jan 1.99	Jan 1.00
Authorized capital, paid	497,400	526,220
Shareholders' equity	769,823	997,664
Total assets	2,295,130	3,687,207
Liquid assets	920,701	1,616,157
Accounts in credit organizations	438,278	640,467
Loans to clients (net)	1,017,249	1,485,758
Liabilities to clients	1,504,180	2,360,190
Liabilities to credit organizations	37	260,100
Net income	193,115	198,941
ROA, %	8.41	5.40
ROE, %	25.09	19.94

Based on auditing report of Arthur Andersen, the financial statements of TexaKaBank OJSC, in all essential aspects give reliable and true picture of the bank's financial condition as of December 31, 1999 and 2000, as well as results of its activities and cash flows as of indicated dates in compliance with International Accounting Standards.

Revenues and expenses

Operating income of TexaKaBank OJSC was tend to grow during the last 3 years: in 1998 – KZT401.2m, in 1999 – KZT449.7m, or 12.1% to 1998, in 2000 – KZT637.1m, or 41.7% to 1999. In I half of 2001 general expenses amounted to KZT343.6m, or KZT43.7m (14.5%) more than in similar period of 2000.

Interest income equaled KZT186.9m (54.4% of total income) in I half of 2001, commission income – KZT110.8m (32.3%), income from financial transactions – KZT37.4m (10.9%), other income – KZT8.3m (2.4%).

In 1999 insignificant decline in general interest income by KZT13.8m (6.3% to 1998) was observed as a result of a decrease in income from securities transactions. In 2000 interest income rose by KZT106.7m or 52.3% on loans granted to legal entities.

Non-interest income are formed mainly from commissions and income from financial transactions, whose proportions are constantly increasing within total non-interest income. In late 1999 commission income equaled KZT172.1m (38.4% to 1998), income from financial transactions – KZT34.4m (at the level of 1998). In late 2000 commissions totaled KZT208.7m (32.8% to 1999), income from financial transactions – KZT64.3m (10.1% to 1999).

Net operating income of the bank reached KZT144.3m in 1998, and KZT115.1m in 1999, in 2000 – KZT135.4m (17.7% to 1999). As of July 1, 2001 this figure was at KZT83.6m, or KZT4.0m less than in similar period of 2000.

General expenses of TexaKaBank OJSC were estimated at KZT265.8m in 1998, and KZT367.7m in 1999, and KZT530.7m in 2000. Increase in expenses in 1999 and 2000 was caused first of all by the growth of bank personnel expenses and office maintenance expenses as a result of opening of branch office in Astana and settlement center. In 2000 a total of 3 settlement centers were opened, and in 2001 – 5.

The expense of TexaKaBank OJSC equaled KZT312.1m as of July 1, 2001, of which 40.3% is personnel and office maintenance expenses, 21.6% interest expenses on deposits, and 26.3% is other expenses.

In 1998 capital expenditures for the building construction, purchasing the equipment and vehicles amounted to KZT102.8m, in 1999 – KZT102.5m, upgrade of computers required \$50,400 in 1999. In early 2000 new software was bought Automated Banking Software Complex (ABSC) Pragma for KZT34,569m.

Assets

By the data of TexaKaBank OJSC balance sheet, from 1998 through July 1, 2001 profitable assets increased from KZT1,328.3m to KZT3,706.1m, which is KZT2,377.8m or 179% increase.

In 1999 significant changes took place in all assets items. Amounts of TexaKaBank OJSC in deposits of other banks increased 3 times (from KZT134.8m in 1998 to KZT432.4m in 1999). Also, the amounts of loans granted by the bank increased noticeably (by KZT696.7m). The volume of securities portfolio fell by 45%. Meanwhile, the structure of investments changed: short-term securities were removed and the bank is buying securities with more than 3 year circulation term.

In 2000 profitable assets increased by KZT936.0 th. relative to 1999, at KZT2,964.7m. Increase was mostly attributable to following articles. The securities in the bank's portfolio increased by 125.9% relative to 1999, loans – by 32.9%, others – by 153.5%. In 2000 TexaKaBank OJSC reviewed its portfolio structure by creating a big reserve of highly liquid assets. The bank has increased the volume of financing from KZT1,140.6m in 1999 to KZT1,516.0m in 2000 (32.9%). In late 2000 most of the assets was occupied by the loan portfolio of the bank – 40.8%. About 70% of granted loans are backed by property collateral.

By the data of TexaKaBank OJSC, in I half of 2001 following changes took place in profitable assets structure of the bank. Amounts in correspondent accounts of other banks increased from 10% in 2000 to 20% in 2001. In I half of 2001 the proportion of securities portfolio fell from 17.3% to 9.4%.

Loan portfolio. Loan portfolio of TexaKaBank OJSC was mainly distributed among construction, trade, transportation companies and individuals.

In I half of 2001 the loans were distributed among the sectors as follows: construction – 31.9%; wholesale trade – 27.2%; production – 11.5%; transportation – 9.4%, other sectors of the economy – 20% of total granted loans.

One of the high priority directions of the bank's credit policy is the financing of individuals. Thus, in 2000 total amount of loans granted to individuals was KZT5.2m, in I half of 2001 it rose by KZT29.5m, at KZT34.6m (572.4% growth).

As of January 1, 2001, the proportion of standard loans was 81.1% in loan portfolio, which is by 12% more than on similar date of 2000. As of July 1, 2001 it fell to 69.5%. The proportion of standard and substandard loans was 99.98% in loan portfolio and 0.02% is bad debt.

The size of the loan portfolio (less provisions) was at KZT1,516.2m as of January 1, 2001, or 40.8% of all assets. As of July 1, 2001 this figure was at KZT2,714.6m or 56.4% of assets. Weighted average rates of loans depend on the collateral, term and currency.

In 2000 volume of loans granted in tenge, not backed by collateral, ranged from 17% to 35% of the portfolio (short-term), and as of July 1, 2001 – from 18% to 23.4% (short-term). Corresponding parameters for the US dollar loans are: in 2000 – from 14% to 20% (short-term) and 18-19% (mid-term), as of July 1, 2001 – from 16.9% to 18.4% (short-term) and 9.4-18% (mid-term).

The proportion of loans in tenge, backed by collateral, was 26% short-term and 10% mid-term in 2000; as of July 1, 2001 – 9.3% (mid-term). In US dollars: in 2000 – 16% (short-term), 16-17% (mid-term); as of July 1, 2001 – from 8.2% to 17.7% (short-term) and 14-15.8% (mid-term).

Quality of TexaKaBank OJSC loan portfolio

Type of loan	1998		1999		2000		as of July 1.01	
	th. KZT	%	th. KZT	%	th. KZT	%	th. KZT	%
Standard	380,507	83.7	807,400	69.2	1,246,495	81.1	1,914,942	69.5
Substandard	73,248	16.1	314,823	26.9	283,858	18.5	841,722	30.5
Unsatisfactory	851	0.2	45,914	3.9	–	–	–	–

Type of loan	1998		1999		2000		as of July 1.01	
	th. KZT	%	th. KZT	%	th. KZT	%	th. KZT	%
Doubtful with high risk	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	5,805	0.4	677	0.02
Total	454,606	100	1,168,137	100	1,536,158	100	2,757,341	100

Loan provisions of TexaKaBank OJSC

Type of loan	1998		1999		2000		as of July 1.01	
	th. KZT	%	th. KZT	%	th. KZT	%	th. KZT	%
Standard	-	-	-	-	-	-	-	-
Substandard	6,477	96.8	16,094	58.4	14,193	71.0	42,086	98.4
Unsatisfactory	213	3.2	11,479	41.6	-	-	-	-
Doubtful with high risk	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	5,805	29.0	677	1.6
Total	6,690	100	27,573	100	19,998	100	42,763	100

The provisions created on substandard, unsatisfactory and bad debt were as follows: 1.5% (1998), 2.4% (1999), 1.3% and 1.6% (I half of 2001). The financing policy of the bank is aimed at reduction of risk of assets loss and creation of adequate provisions to cover losses from financing activities. In late 2000 total of created provisions amounted to KZT19.9m against KZT27.6m in late 1999 (27.5% decline). However, during the I half of 2001 this amount rose to KZT42.8m as a result of an increase in substandard loans by KZT557.9m (195.6%), which accounted for 30.5% of loan portfolio.

By the results of an analysis of the terms of financing in I half of 2001 long- and mid-term loans amounted to KZT2,067.6m, or 74.9% of loan portfolio, including loans granted for more than 3 years – KZT1,173.8m or 42.5% of total loans granted in 6 months; amount of mid-term loans (from 1 to 3 years) – KZT893.8m or 32.4%. The most of the loan portfolio, 25.1%, is made of short-term loans, and only 3.8% of cash is invested into short-term securities (up to 30 days).

Liabilities and equity

Liabilities of TexaKaBank OJSC increased by 28.7% in 1999 against 1998, and 75.5% in 2000 (against 1999), and in I half of 2001 – by 40.0% (in late 2000).

Weighted average rate of the deposits depend on the term and currency. Rates for time deposits in tenge were: in 2000 – 5.5%, as of July 1, 2001 – 6.7% (from 1 to 30 days); in US dollars: in 2000 – from 6.4% to 10.3% (short-term), 8.8% (mid-term), as of July 1, 2001 – from 4.3% to 8.9% (short-term), 8.2% (mid-term). Weighted average rates on savings deposits in 2000 in US dollars were 10.3%, and in I half of 2001 – 10.1%. Weighted average rates on call deposits in US dollars were as of July 1, 2001 at 7.0% (short-term).

Structure of assets and equity of TexaKaBank OJSC based on terms as of July 1, 2001

	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	1-3 years	more than 3 years	TOTAL
Assets	958,979	14,152	6,548	408,280	253,033	893,787	1,430,127	3,964,906
Currency	216,047	-	-	-	-	-	-	216,047
Deposit account in National Bank	178,767	-	-	-	-	-	-	178,767
Deposit account in other banks	400,469	-	-	-	-	-	-	400,469
Securities in bank's portfolio	117,200	-	-	-	-	-	256,375	373,575
Loans	26,529	6,895	4,039	399,306	253,033	893,787	1,173,752	2,757,341
Others	19,967	7,257	2,509	8,974	-	-	-	38,707
Liabilities	1,982,311	78,621	43,235	338,580	543,176	162,353	430,203	3,578,479
Deposits	1,849,003	78,621	43,235	338,580	543,176	162,353	-	3,014,968
Others	133,308	-	-	-	-	-	430,203	563,511

Financing sources

Main source of financing for the bank clients in 1998-2000 were deposits of the clients and funds attracted from other banks and financial organizations. As of January 1, 2001, total volume of deposits was at KZT2,582.8m, or 17% more than in early 2000. As of July 1, 2001, total volume of deposits increased by 60% compared to similar period of last year, at KZT3,014.9m, where the legal entities had 50.7%, and individuals – 49.3% of total deposits. Call deposits were at 53.8% of all deposits of TexaKaBank OJSC as of July 1, 2001.

Structure of financing sources of TexaKaBank OJSC

Sources	as of Jan 1.99		as of Jan 1.00		as of Jan 1.01		as of July 1.01	
	th. KZT	%	th. KZT	%	th. KZT	%	th. KZT	%
Call deposits	876,039	77.9	1,101,349	73.7	1,731,147	67.1	1,623,177	53.8
Time deposits	248,252	22.1	391,715	26.2	744,917	28.8	1,205,468	40.0
Savings deposits	0	0	2,045	0.1	106,742	4.1	186,323	6.2
Total	1,124,291	100	1,495,109	100	2,582,806	100	3,014,968	100

A subordinated loan agreement was signed between TexaKaBank OJSC and Petroleum International Inc. (Texas, USA) on June 1, 2001 to grant \$2,936,538.0 for 7 years at fixed 10% APR for general corporate goals.

Shareholders' equity. Shareholders' equity of TexaKaBank OJSC, which is calculated based on the methodology of the National Bank, increased from KZT430.0m to KZT1,514.9m, or 246% from 1998 to July 1, 2001. Increase in shareholders' equity in 1999 by KZT471.1m or 51.8% relative to 1998 was due to an increase in supplementary capital as a result of an increase in re-evaluation fund of shares denominated in foreign currency, by KZT331.8m, as well as due to an increase in income of reporting period by KZT82m. Growth of shareholders' equity in 2000 by KZT113.5m or 11% was caused by an increase in core capital (increase in paid part of authorized capital by KZT28.8m and undistributed income of previous years by KZT65.9m) and supplementary capital as a result of a growth in income of reporting year. In I half of 2001 shareholders' equity grew by KZT492.6m (48.2%) mainly as a result of an increase in supplementary capital caused by attraction of KZT403.2m subordinated time loan.

Prudential norms

As of August 1, 2001, by the data of the Banking supervision department of the National Bank of Kazakhstan, TexaKaBank OJSC is meeting prudential norms and other obligations and limits.

Following is the comparison of the bank's indicators with those of other two similar Kazakhstani banks in terms of equity. Average values were calculated based on financial statements, submitted by the banks to the Exchange, which are the members of the Exchange under "B" category (right to participate in foreign currency trades).

Comparable data with other banks as of June 1, 2001
in th. KZT, unless otherwise specified

Item	TexaKaBank	
	OJSC	Other banks
Shareholders' equity	1,516,432	1,418,128
Assets	5,134,755	5,337,833
Net income	29,926	16,270
k1 (min 0.04)	0.20	0.21
k2 (min 0.08)	0.36	0.32
k4 (min 0.20)	0.55	0.76
ROA, %	0.58	0.25
ROE, %	1.97	1.21

Capital, shares, shareholders

As of July 1, 2001, registered authorized capital of TexaKaBank OJSC was **\$7.0m**, paid authorized capital – KZT526,220.0 th. The NSC has registered a total of 4 share issues, of which the first two have been canceled. Current issues contain 700,000 common inscribed shares (NIN – KZ1C37080412) at \$10.00 each. The third issue was registered on Dec 18, 98 for \$6.0m and entered into the State register under the number A3708-2, the fourth – on Dec 13, 00 for \$1.0m (A3708-3). Issue type is non-documentary. The register is maintained independently.

Dividends to common inscribed shares were: in 1996 – KZT22,816.000; in 1997 – KZT42,786,000. In 1998 a total of \$2,270,664.86 was paid out (\$20.0 per share), in 1999 – \$1,186,200 (\$9.88 per share). **All dividends were share dividends.**

TexaKaBank OJSC shares have never been trades on stock market of Kazakhstan, therefore there is no market capitalization of the bank.

As of July 1, 2001 the holders of common inscribed shares were Finance & Investment of Texas (Dallas, Texas, USA) – 81.5%, and one individual (Almaty, Kazakhstan) – 18.5%.

COMMENTS OF LISTING COMMISSION

1. Shareholders' equity of TexaKaBank OJSC, which is calculated by the methodology of the National Bank of Kazakhstan, reached the level set by the KASE for the category "A" only on June 12, 2001 as a result of an increase in supplementary capital by KZT429,909 th. (attraction of subordinated loan for \$2,936.5 th. for

7 years) and equaled KZT1,509,159 th. or \$10,380.5 th. (at National Bank of Kazakhstan exchange rate on June 12, 2001 – KZT146.40 = \$1), of which \$6,575 th. dollars were created more than a year ago.

2. As of July 1, 2001 the bank had a significant gap between the terms of the assets and liabilities. The assets with the terms of 1 and more years equaled KZT2,323.9m or 58.6% of all financial assets, whereas total liabilities with the same maturity terms did not exceeded KZT522.6m or 16.5% of all financial liabilities. And liabilities with 1-3 month maturity were at KZT1,982.3m (55.4%), and assets – KZT958.9m (24.2%).
3. In I half of 2001 the proportion of standard loans fell by 11.6% (from 81.1% to 69.5%). At the same time the proportion of substandard loans increased by 12% relative to 2000, and reached 30.5%. It made the volume of created provisions for this type of loans to increase by KZT27.9m, or almost 3 times. Total volume of provisions reached 1.6% of loan portfolio on July 1, 2001.
4. Now, authorized capital of TexaKaBank OJSC is registered in US dollars. Based on the requirement of the National Bank of Kazakhstan and changes in the Law of Kazakhstan “On banks and banking activities in Kazakhstan”, dated March 2, 2001 (#162-11), the bank should re-register its authorized capital in national currency till March 2, 2002.

Prepared by the agency IRBIS