



# Kazakhstan News Bulletin

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*Say it in Kazakh:  
Happy New Year! ---  
Zhana zhylynyzben!  
[Zhah-NAH Zhy-lee-  
nez-BEN]*

## **Kazakhstan's Halyk Savings Bank Raises US\$748 Million on London Stock Exchange**

The Halyk Savings Bank of Kazakhstan (HSBK), one of the country's leading private banks, raised 748 million U.S. dollars in an Initial Public Offering (IPO) of Global Depository Receipts (GDRs) on the London Stock Exchange in December 2006.

The GDRs, each representing rights to four simple shares of HSBK, were sold at the highest range of offered price, 16 dollars each. A total of 46,750,000 GDRs, including GDRs placed under the option of additional placement, were sold by the bank's main shareholder, Almex Holding, bringing in 748 million dollars. The bank's GDRs were oversubscribed approximately 12 times in terms of the offering price and 23 times in general terms.

HSBK's GDRs appreciated immediately after the opening of trading, and are currently valued at 22.5 dollars. Halyk Bank's Board Chairman Grigoriy Marchenko commented on the Bank's success with GDR placement in London, saying, "We are very pleased with the reception Halyk Bank received on the institutional roadshow and by the quality of international investors who have become GDR holders. This demonstrates the belief which our new investors have in the growth story of the Bank. We look forward to delivering strong results and shareholder value to all of our shareholders and GDR holders." (Mr. Marchenko is a former governor of Kazakhstan's National Bank, the country's central bank, credited for introducing important banking reforms.)

Halyk Bank is one of Kazakhstan's leading financial services groups, with the largest customer base and distribution network of any bank in Kazakhstan. The bank is developing as a universal financial services group offering a broad range of services (banking, pensions, insurance, leasing, brokerage and asset management) to its retail, small and medium enterprise (SME) and corporate customers.

Credit Suisse, Deutsche Bank and Halyk Finance acted as joint global coordinators for the global offer. Credit Suisse and Deutsche Bank acted as joint bookrunners for the global offer.



**School children from cities and towns across Kazakhstan celebrated the New Year's with a trip to Astana, the new national capital. The students are shown touching the lucky ball at the top of the Baiterek Tower, a landmark in Astana.**

The Halyk Bank's move is the latest in a string of London listings by Kazakh entities. Halyk Bank's IPO followed that of Kazkommertsbank, the country's other leading bank in November. The two are set to be followed by ATF Bank and Alliance Bank this year.

The London Stock Exchange (LSE) is also proving very attractive to Kazakh industrial giants. Copper producer Kazakhmys started the trend in 2005, followed by gold producer Kazakh Gold, and Kazmunaigaz E&P, an oil company, in 2006. In late 2006, the U.S.'s leading international power company, AES Corporation, announced it was planning to list its \$3 billion dollars subsidiary in Kazakhstan, AES Kazakhstan, on the LSE in 2007.

## **New Center Right Party Emerges in Kazakhstan**

Kazakhstan's Ministry of Justice has accepted the registration application from a new center right party "Atameken" (The Land of the Fathers) at the end of December.

In a December 29 press release, the new party said: "According to the Law of Kazakhstan on Political Parties, the Ministry of Justice has accepted an application for registration from the Kazakh center right party "Atameken" which presented a list of more than 60 thousand citizens who had joined the party in the two months after the founding congress in compliance with the law."

In late October delegates of Atameken's founding congress said their party supported the goals of the President of Kazakhstan. Yerzhan Dosmuhamedov, chairman of the new party and member of the Council of Entrepreneurs under the President, said: "We establish our own political party in order to support the head of state and his goal of bringing Kazakhstan in the group of the world's 50 most developed states."

The new party pursues a goal of "preventing corruption in Kazakhstan's economy. The center right party is against the state domination in business and the privatization by state officials. We are against the commercialization of the state and its interference in the economy," the party program says.

The party proposes to carry out reforms in the military, social, housing, communal, administrative, and banking areas, as well as to implement changes in migration and language policies.

## **UN Lifts Ban on Caviar Exports from Caspian**

Geneva, January 2 (Reuters) - The United Nations on Tuesday lifted a year old embargo on exports of most types of caviar from the Caspian Sea, the main source of the delicacy, despite the fact that stocks are continuing to decline.

Exports of caviar, which can sell for as much as \$9,500 a kilo, were banned in 2006 because the main producers, Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan, failed to meet requirements such as providing stock levels. The U.N. Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) said it authorized the sale of nearly 96 tons of caviar in 2007, some 15 percent below the quotas handed out in 2005.

CITES said that the five producer states had agreed amongst themselves to cut the combined catch quotas for sturgeon, whose eggs make caviar, by 20 percent from 2005 levels, with some species seeing a fall of over 30 percent.

"Ensuring that sturgeon stocks recover to safe levels will take decades of careful fisheries management and an unrelenting struggle against poaching and illegal trade," CITES Secretary General Willem Wijnstekers said in a statement.

"The decision taken by CITES last year not to publish caviar quotas has undoubtedly helped to spur improvements to the monitoring programs and scientific assessments," he added.

Industry officials put the illegal trade at around 100 tons a year, roughly the same as the legal market.

A decision on whether to lift a ban on beluga, the most expensive caviar, was put off for a further month to give producers more time to provide the needed information on stocks and other issues, CITES said.

Environmentalists estimate that caviar stocks plunged over 90 percent in the early 1990s because of over-fishing. CITES has been regulating trade since 2001.

Some 90 percent of the world's caviar comes from the Caspian Sea.

Exports from other areas, such as the Black Sea and Danube River fisheries and the Heilongjiang/Amur River on the Sino-Russian border remained barred either at the producers' request or because states have not yet provided the needed information, CITES said.

## **Kazakhstan Enters 2007 with \$33 Billion in Reserves**

Kazakhstan's international reserves, including the reserves of the National Fund, grew 16.8 percent in December to reach 33 billion U.S. dollars by the end of 2006.

The reserves of the National Fund, which accumulate from excess tax revenues from oil and gas and other extractive industries, reached 14 billion U.S. dollars. The Fund was started in 2000.

Kazakhstan's National Bank, the country's central bank, made this information public in a January 5 statement. The bank said that despite operations to increase the assets of the National Fund and servicing of the foreign debt of the Ministry of Finance from gold and foreign currency reserves, the bank's buying of currency at the internal market, the accumulation of currency at the Government's accounts in the National Bank and the increase in assets of second tier banks with the National Bank have all led to increased currency reserves.

## **Things to Watch:**

- As of January 1, Kazakhstan has opened four new permanent embassies abroad in Armenia, the Netherlands, Qatar, and Singapore. Kazakhstan earlier had either missions or non-resident ambassadors in these countries. This move brings to 45 the number of Kazakhstan's permanent embassies abroad and missions to international organizations, not including diplomatic missions, general consulates and consulates in a dozen more countries.
- Also as of January 1, all gambling facilities will have to move from across Kazakhstan into two designated resort areas at Kapshagai in the south and Borovoe in the north. According to a recent BBC report, "from poorly-lit amusement arcades to high-class casinos, there are more than 2,000 gambling halls in the country. That is almost as many as in the United States, although Kazakhstan's population is about 20 times smaller." Now the government wants to clean up the industry in a relocation move which, in the words of the Finance Minister, will help "fight the harmful effects of the gambling mania" which gripped the ever more prosperous population.
- Kazakhstan has forged ahead on the World Economic Forum's Global Competitiveness Index, moving from the 61<sup>st</sup> place in 2005 to 56<sup>th</sup> in 2006. Kazakhstan's goal is to be among the top 50.
- Muslims in Kazakhstan celebrated Qurban Ait (Eid al-Adha) on December 31 with prayers, ritual sacrifices and hearty meals. The Russian Orthodox community will mark Christmas on January 7. These two are the largest religious communities in the country. All the people in Kazakhstan celebrated New Year's Day with family gatherings, fireworks in big cities and other traditional observances.

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