ALLIANCE BANK

JSC Alliance Bank

(a joint stock company incorporated in the Republic of Kazakhstan with registered number 4241-1900-AO)

Offering of Global Depositary Receipts at an offer price of U.S.$14.00 per Global Depositary Receipt

This Prospectus relates to an offering (the "Global Offer") by Seimar Alliance Financial Corporation ("SAFC" or the "Selling Shareholder") of an aggregate of 1,676,100 common shares (the "Shares") in the capital of JSC Alliance Bank ("Alliance Bank" or the "Bank") in the form of 50,283,000 global depositary receipts (the "GDRs"), each GDR representing one-thirtieth of a Share, at an offer price (the "Offer Price") of U.S.$14.00 per GDR. The Bank will not receive any proceeds from the Global Offer.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for up to 100,000,000 GDRs to be admitted ("Admission") to the official list of the UK Listing Authority (the "Official List"). The GDRs are expected to be admitted to trading under the symbol "ALLB" on the market for listed securities of the London Stock Exchange plc (the "LSE") through its International Order Book ("IOB"). The LSE is a Recognised Investment Exchange under the Financial Services and Markets Act 2000. The IOB is a regulated market for purposes of the Investment Services Directive 93/22/EC. Admission to the Official List and to the LSE's market for listed securities constitutes listing on a stock exchange. The Bank expects that conditional trading in the GDRs on the IOB will commence on a "when and if issued" basis on or about 17 July 2007 and that unconditional trading in the GDRs through the IOB will commence on or about the Closing Date. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.**

Application has also been made to have the Rule 144A GDRs (as defined herein) designated eligible for trading in The PORTAL Market of the NASDAQ Stock Market, Inc. ("PORTAL").

In connection with the Global Offer, the Selling Shareholder will sell 251,400 Shares in the form of 7,542,000 GDRs (the "Over-Allotment GDRs") to Credit Suisse Securities (Europe) Limited (the "Stabilisation Manager"), acting for itself and UBS Limited (the "Underwriters") in its capacity as Stabilisation Manager, for the purpose of making over-allotments and to conduct stabilisation activities in the GDRs. Under the over-allotment structure, the Selling Shareholder will grant the Underwriters a put option (the "Over-Allotment Put Option"), exercisable for a period of up to 30 days from the commencement of dealings on the LSE in the GDRs to put back to the Selling Shareholder up to 7,542,000 GDRs which have been either sold to the Stabilisation Manager on or before the Closing Date and not allotted to purchasers by the Stabilisation Manager or otherwise purchased by the Stabilisation Manager in the market as a result of stabilisation activities.

The GDRs are securities of a specialist nature and should only be bought and traded by investors who are particularly knowledgeable in investment matters. See "*Risk Factors*" for a discussion of certain factors that should be considered in connection with an investment in the GDRs.

The GDRs have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) except to certain "qualified institutional buyers" ("QIBs") (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) in reliance on Rule 144A or pursuant to another exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective purchasers are hereby notified that the Selling Shareholder may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A or another exemption from registration under the U.S. Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the GDRs and the distribution of this Prospectus, see "*Details of the Global Offer*".

The GDRs are being offered to certain institutional investors in the United Kingdom, QIBs in the United States and certain institutional investors in the rest of the world.

Ownership of Shares and the exercise of certain rights (including voting rights) are subject to certain legislative restrictions under Kazakhstan law. See "*Risk Factors — Risk Factors Relating to the Shares and the GDRs — There are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and the ownership of the Shares*".

The GDRs will be issued in global form and will be evidenced by a Master Rule 144A GDR registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), and a Master Regulation S GDR (together with the Master Rule 144A GDR, the "Master GDRs") registered in the name of The Bank of New York Depository (Nominees) Limited, and deposited with The Bank of New York, London Branch (the "Common Depositary"), as common depositary for Euroclear Bank S.A./N.V. (''Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"). It is expected that delivery of the GDRs will be made against payment therefor in U.S. Dollars in same day funds through the facilities of DTC, Euroclear and Clearstream on or about 20 July 2007. See "*Settlement and Transfer*".

Joint Bookrunners and Global Co-ordinators

Credit Suisse **UBS Investment Bank**

The date of this Prospectus is 17 July 2007.

RESPONSIBILITY STATEMENT

The Bank and the Selling Shareholder (in the case of the Selling Shareholder, only with respect to information relating to the Selling Shareholder and the Shares represented by GDRs offered by it) accept responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, to the best of the knowledge and belief of the Bank and the Selling Shareholder (in the case of the Selling Shareholder, only with respect to information relating to the Selling Shareholder and the Shares represented by GDRs offered by it), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

Credit Suisse Securities (Europe) Limited and UBS Limited, which are regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for the Bank and no-one else in connection with the Global Offer and will not be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Global Offer.

This document comprises a prospectus relating to the Bank in respect of the GDRs prepared in accordance with the prospectus rules of the UK Listing Authority issued pursuant to Section 73A of the Financial Services and Markets Act 2000, as amended (the "FSMA") (the "Prospectus Rules").

In connection with the Global Offer, the Underwriters and any of their affiliates, acting as investors for their own accounts, may take up GDRs in the Global Offer and in that capacity may retain, purchase, sell, offer to sell or otherwise deal in and for their own accounts such securities and any other securities of the Bank or related investments and may offer or sell such securities or other investments other than in connection with the Global Offer. Accordingly, references in this Prospectus to the GDRs being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as an investor for their own accounts. The Underwriters do not intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so.

The Shares represented by the GDRs rank *pari passu* in all respects with all other existing Shares, including the right to receive dividends or other distributions declared, made or paid on the Shares after Admission.

Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Bank, the Selling Shareholder and/or any of the Underwriters or any of their respective affiliates. Without prejudice to any obligation of the Bank and the Selling Shareholder to publish a supplementary prospectus pursuant to Section 87G of the FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this Prospectus nor any purchase made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank and its consolidated subsidiaries (together, the "Group") since, or that the information contained herein is correct as of any time subsequent to, the date of this Prospectus.

The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. Neither the Bank nor the Selling Shareholder nor any of the Underwriters is making any representation to any offeree or purchaser of GDRs regarding the legality of an investment by such offeree or purchaser.

The information contained in this Prospectus has been provided by the Bank, the Selling Shareholder and other sources identified herein. None of the Underwriters makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Bank, the Selling Shareholder or the Underwriters that any recipient of this Prospectus should subscribe for or purchase the GDRs. Each potential investor in the GDRs should read this Prospectus in its entirety and determine for itself the relevance of the information contained in this Prospectus and its subscription of GDRs should be based upon such investigation as it deems necessary. In making an investment decision, prospective investors must rely upon their own examination of the Group and the terms of this Prospectus, including the risks involved.

The distribution of this Prospectus and the offer and sale of the GDRs in certain jurisdictions may be restricted by law. No action has been taken by the Bank, the Selling Shareholder or the Underwriters that

would permit a public offer of GDRs or possession, publication or distribution of this Prospectus (or any other offer or publicity material or application form relating to the GDRs) in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer of, or an invitation to subscribe or purchase, any GDRs in any jurisdiction in which such offer or sale would be unlawful. For further information with regard to restrictions on offers and sales of GDRs and the distribution of this Prospectus, see "*Details of the Global Offer*".

Save as provided below under "Notice to Prospective Investors in the Republic of Kazakhstan", this Prospectus may be provided to investors in the Republic of Kazakhstan for information purposes only and may not be relied upon by such investors. Neither Credit Suisse Securities (Europe) Limited nor UBS Limited is offering GDRs in the Republic of Kazakhstan, and accordingly neither they nor any of their affiliates will have any liability to any person in the Republic of Kazakhstan in connection with the Global Offer.

Each subscriber or purchaser of the GDRs, in making its subscription or purchase, will be deemed to have made certain acknowledgements, representations and agreements. See "*Details of the Global Offer*".

Ownership of the Shares is subject to certain legislative restrictions under Kazakhstan law. Specifically, (a) legal entities registered in certain specified offshore jurisdictions such as Andorra, Liechtenstein, Liberia, Monaco and the Marshall Islands or which have affiliates registered in such jurisdictions (except for international banks having a credit rating of "A" or above from certain rating agencies) or (b) natural persons who are participants or shareholders in such legal entities may not directly or indirectly own Shares. Accordingly, holders of GDRs falling under (a) or (b) above are not entitled to vote through the Depositary (as defined herein) at meetings of shareholders, cannot exchange GDRs into Shares and cannot own, hold or dispose of the Shares. See "*Risk Factors — Risk Factors Relating to the Shares and the GDRs — There are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and the ownership of the Shares", "Description of Share Capital and Certain Requirements of Kazakhstan Legislation — Disclosure of Beneficial Ownership*" and "*Selling and Transfer Restrictions*".

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE SHARES AND GDRS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SHARES OR THE GDRS OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421 B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

The Bank has agreed that, so long as any of the GDRs are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, in order to permit holders of GDRs to effect resales under Rule 144A, the Bank will, during any period in which the Bank is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon written request, to any holder of GDRs, or any prospective purchaser designated by such holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, THE BANK HEREBY INFORMS YOU THAT THE DESCRIPTION SET FORTH IN THIS PROSPECTUS WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE MARKETING OF THE GDRS. THIS DESCRIPTION IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED IN THIS PROSPECTUS. IT IS POSSIBLE THAT ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF AN INVESTMENT IN THE SHARES OR GDRS, OR THE MATTER THAT IS THE SUBJECT OF THE DESCRIPTION NOTED HEREIN, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

NOTICE REGARDING OFFERS OF GDRs IN THE EUROPEAN ECONOMIC AREA

This Prospectus has been prepared on the basis that all offers of GDRs will be made pursuant to an exemption under the Prospectus Directive (2003/71/EC), as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of GDRs. Accordingly any person making or intending to make any offer within the EEA of GDRs which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Bank or any of the Underwriters to produce a prospectus for such offer. Neither the Bank nor the Underwriters have authorised, nor do they authorise, the making of any offer of GDRs through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of GDRs contemplated in this Prospectus.

NOTICE TO PROSPECTIVE INVESTORS IN THE REPUBLIC OF KAZAKHSTAN

The GDRs may only be offered or sold to persons or entities who or which are established, domiciled or have their usual residence outside Kazakhstan or to professional market participants in Kazakhstan, including banks, brokers, dealers, participants, pension funds and collective investment institutions, as well as central government, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities, and individuals. Neither Credit Suisse Securities (Europe) Limited nor UBS Limited is offering the GDRs or Shares in Kazakhstan, and accordingly neither they nor any of their affiliates will have any liability to any person in Kazakhstan in connection with the Global Offer.

STABILISATION

In connection with the Global Offer, Credit Suisse Securities (Europe) Limited, acting on behalf of the Underwriters, in its capacity as Stabilisation Manager (the "Stabilisation Manager"), or any person acting on behalf of the Stabilisation Manager, may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or any persons acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Such transactions may be effected on the London Stock Exchange or any other securities market, over-the-counter market, stock exchange or otherwise. Any stabilisation action may begin on or after the announcement of the Offer Price and, if begun, may be ended at any time, but it must end no later than 30 calendar days after the date of allotment of the GDRs. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules. Save as required by law, the Stabilisation Manager does not intend to disclose the extent of any over-allotments and/or stabilisation transactions under the Global Offer or the amount of any long or short positions.

ENFORCEMENT OF FOREIGN JUDGMENTS

The Bank is a joint stock company organised under the laws of the Republic of Kazakhstan and the Selling Shareholder is incorporated in the Republic of Kazakhstan and substantially all of their respective operations are located in the Republic of Kazakhstan. Most of their respective directors and executive officers reside in Kazakhstan and substantially all of the Bank's and the Selling Shareholder's assets and the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Bank, the Selling Shareholder or such persons or to enforce against any of them judgments of U.S. federal or state courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States.

Although Kazakhstan is a member of the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards, its courts will not enforce any judgment obtained in a court established in a country other than Kazakhstan unless there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Kazakhstan and the United Kingdom or between Kazakhstan and the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Bank is required to maintain its books of account in Tenge in accordance with relevant laws and regulations in Kazakhstan, including the regulations of the National Bank of Kazakhstan (the "NBK") and, since 1 January 2004, the regulations of the Agency for Regulation and Supervision of Financial Markets and Financial Organisations of Kazakhstan (the "FMSA"). If not otherwise specified, in the financial analysis and discussion herein, the term "Bank" shall mean JSC Alliance Bank and its consolidated subsidiaries.

The financial information of the Bank set forth herein has, unless otherwise indicated, been extracted without material adjustment from its consolidated financial statements as at and for the years ended 31 December 2006, 2005 and 2004 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"), and its interim consolidated financial statements for the three months ended 31 March 2007 and 2006 (the "Unaudited Interim Financial Statements"), also prepared in accordance with IFRS. The Financial Statements were audited by Deloitte LLP ("Deloitte"), independent auditors, in accordance with International Standards on Auditing.

The consolidated financial statements set out in this Prospectus have been prepared in conformity with IFRS, which in certain respects differ significantly from generally accepted accounting principles in the United States ("U.S. GAAP"). The organisations that promulgate IFRS and U.S. GAAP have projects ongoing that could result in additional differences in the future. The consolidated financial statements have not been reconciled to U.S. GAAP, and this Prospectus does not attempt to identify any differences between IFRS and U.S. GAAP. It is possible that the net effect of differences between the application of IFRS and U.S. GAAP may be, individually or in the aggregate, material. If any such reconciliation were performed or an attempt were made to identify relevant differences between IFRS and U.S. GAAP as they apply to the Bank, particular financial statement items that are presented under U.S. GAAP could vary materially and adversely from the corresponding items as presented under IFRS.

In making an investment decision, potential investors must rely upon their own examination of the Bank, the terms of the Global Offer and the financial information included in this Prospectus, and should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information in this Prospectus.

Certain information presented in this Prospectus is presented in accordance with Kazakhstan Accounting Standards ("KAS"). KAS information is not audited and is not directly comparable with the information presented in accordance with IFRS. In addition, certain figures, such as total loans, are presented both in KAS and IFRS, and the KAS figures will not be the same as the IFRS figures presented in the Financial Statements and the Unaudited Interim Financial Statements.

In this Prospectus, references to "Tenge" or "KZT" are to Kazakhstan Tenge, the lawful currency of Kazakhstan; references to "U.S. Dollars" or "U.S.$" are to United States Dollars, the lawful currency of the United States; and references to "euro" or "€" are to the lawful currency of the Member States of the European

Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and as further amended by the Treaty of Amsterdam.

Solely for the convenience of the reader, this Prospectus presents unaudited translations of certain Tenge amounts into U.S. Dollars at specified rates. Unless otherwise stated, any balance sheet data in U.S. Dollars is translated from Tenge at the applicable exchange rate on the date of such balance sheet (or, if no such rate was quoted on such date, the immediately preceding date) and any income statement data in U.S. Dollars is translated from Tenge into U.S. Dollars at the average exchange rate applicable to the period to which such income statement data relate, in each case calculated in accordance with the official exchange rates for U.S. Dollars on the Kazakhstan Stock Exchange (the "KASE") as reported by the NBK. Further details can be found in the section headed "*Exchange Rates and Exchange Controls*".

The Bank has translated the summary income statement information for the three months ended 31 March 2007 and the year ended 31 December 2006 into U.S. Dollars at the rate of U.S.$1.00 = KZT 124.85 and U.S.$1.00 = KZT 126.09, respectively, and the summary balance sheet information as at 31 March 2007 and as at 31 December 2006 at the rate of U.S.$1.00 = KZT 123.84 and U.S.$1.00 = KZT 127.00, respectively. See "*Exchange Rates and Exchange Controls*". As at 13 July 2007 (the latest practicable date prior to the date of this Prospectus), the official KZT/U.S.$ rate of exchange reported by the NBK was KZT 121.62 = U.S.$1.00.

No representation is made that the Tenge or U.S. Dollar amounts in this Prospectus could have been converted into U.S. Dollars or Tenge, as the case may be, at any particular rate or at all.

Certain amounts which appear in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be the sum of the figures which precede them.

The Bank has obtained certain statistical and market information that is presented in this Prospectus on such topics as the Kazakhstan banking sector and the Kazakhstan economy in general and related subjects from certain third party sources described herein. This third party information is presented in the sections headed "*Summary*", "*Risk Factors*", "*The Banking Sector in Kazakhstan*" and "*Management's Discussion and Analysis of Results of Operations and Financial Condition*". The Bank has accurately reproduced such information and, so far as the Bank is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Prospective investors should note that some of the Bank's estimates are based on such third party information. Neither the Bank nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies.

The Bank has derived substantially all of the information contained in this Prospectus concerning its competitors from publicly available information, such as annual reports, and has accurately reproduced such information and, so far as the Bank is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Bank has relied on the accuracy of this information without independent verification. In addition, some of the information contained in this Prospectus has been derived from official data of the NBK and Kazakhstan's National Statistics Agency (the "NSA"). Official data published by Kazakhstan governmental or regional agencies is substantially less complete or researched than those of more developed countries. Further, official statistics, including those produced by the FMSA, the NBK and the NSA, may be produced on different bases than those used in more developed countries. Any discussion of matters relating to Kazakhstan in this Prospectus is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

In this Prospectus:

- "ALCO" means the Asset and Liability Management Committee of the Bank;

- "Bank" refers to JSC Alliance Bank and its consolidated subsidiaries;

- "Basel Accord" refers to the 1988 Capital Accord adopted by the Basel Committee on Banking Supervision, then known as the Basel Committee on Banking Regulations and Supervisory Practice;

- "Basel II" refers to the report titled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" of the Basel Committee on Banking Supervision;
- "BIS" means the Bank for International Settlements;
- "Charter" means the charter of the Bank;
- "Clearstream" means Clearstream Banking, *société anonyme*;
- "CIS" refers to the Commonwealth of Independent States;
- "Combined Code" means the UK Combined Code on Corporate Governance;
- "Debt Issuance Programme" means the Bank's U.S.$3 billion Debt Issuance Programme;
- "Deloitte" means Deloitte LLP;
- "DBK" refers to the Development Bank of Kazakhstan;
- "Deposit Agreement" means the deposit agreement between the Bank and the Depositary to be dated on or about 19 July 2007;
- "Depositary" means The Bank of New York, in its capacity as the depositary of the GDRs;
- "DTC" refers to the Depository Trust Company;
- "EEA" means the European Economic Area;
- "EBRD" means the European Bank for Reconstruction and Development;
- "EU" refers to the European Union;
- "Euroclear" means Euroclear Bank S.A./N.V.;
- "Financial Statements" means the Bank's audited consolidated balance sheet and audited consolidated statements of income, cash flows and changes in shareholders' equity as at and for the years ended 31 December 2006, 2005 and 2004 included herein;
- "Fitch" refers to Fitch Ratings Ltd.;
- "FMSA" refers to the Agency for Regulation and Supervision of Financial Markets and Financial Organisations of Kazakhstan;
- "FMSA Regulations" refers to the regulations published by the FMSA;
- "FSMA" means the UK Financial Services and Markets Act 2000;
- "GDP" refers to the gross domestic product of Kazakhstan;
- "Global Offer" means the offering by Seimar Alliance Financial Corporation of an aggregate of 1,676,100 Shares in the form of GDRs;
- "Government" means the government of the Republic of Kazakhstan;
- "Group" means the Bank together with its consolidated subsidiaries;
- "IMF" means the International Monetary Fund;
- "IMF Charter" means the charter of the International Monetary Fund;
- "JSC Law" refers to the Law of the Republic of Kazakhstan on Joint Stock Companies dated 13 May 2003;

- “KAS” refers to Kazakhstan Accounting Standards;
- “KASE” refers to the Kazakhstan Stock Exchange;
- “Kazakhstan” refers to the Republic of Kazakhstan;
- “KCD” refers to the Kazakhstan Central Depositary;
- “KDIF means the Kazakhstan Deposit Insurance Fund;
- “KMC” means JSC Kazakhstan Mortgage Company;
- “Management” means the management team of the Bank;
- “Master GDRs” means the Master Regulation S GDR together with the Rule 144A GDR;
- “Moody’s” refers to Moody’s Investors Service, Inc.;
- “NBK” refers to the National Bank of Kazakhstan;
- “NBK Regulations” refers to the regulations published by the NBK;
- “NSA” refers to the National Statistical Agency of Kazakhstan;
- “OECD” refers to the Organisation for Economic Co-operation and Development;
- “Over-Allotment GDRs” means the Shares sold by the Selling Shareholder in connection with the Global Offer to the Underwriters for the purpose of making over-allotments and to conduct stabilisation activities in the GDRs;
- “Over-Allotment Put Option” means the put option granted by the Selling Shareholder to the Stabilisation Manager, exercisable for a period of up to 30 days from the commencement of dealings on the LSE in the GDRs, to put back to the Selling Shareholder up to 7,542,000 GDRs which have been either sold to the Stabilisation Manager on or before the Closing Date and not allotted to purchasers by the Stabilisation Manager or otherwise purchased by the Stabilisation Manager in the market as a result of stabilisation activities;
- “POS” means point of service;
- “Preference Shares” means the Bank’s non-voting preference shares;
- “Prospectus Directive” refers to Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC;
- “Prospectus Rules” means the prospectus rules of the UK Listing Authority issued pursuant to Section 73A of the FSMA;
- “QIBs” means qualified institutional buyers, as defined in Rule 144A under the U.S. Securities Act;
- “Regulation S” means Regulation S under the U.S. Securities Act;
- “retail banking” refers to the Bank’s activities relating to retail deposits and retail loans;
- “retail deposits” mean individual customer accounts;
- “retail loans” mean loans to individuals;
- “Rule 144A” means Rule 144A under the U.S. Securities Act;
- “S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies;
- “SAFC” means Seimar Alliance Financial Corporation (formerly Seimar Investment Group);
- “Selling Shareholder” means SAFC;
- “SME” refers to small and medium-sized enterprises;
- “Stabilisation Manager” means Credit Suisse Securities (Europe) Limited acting on behalf of the Underwriters, in its capacity as stabilisation manager;

- "Unaudited Interim Financial Statements" means the Bank's interim consolidated balance sheet and consolidated statements of income, cash flows and changes in shareholders' equity for the three months ended 31 March 2007 and 2006 included herein;

- "Underwriting Agreement" means the underwriting agreement dated 17 July 2007 among Credit Suisse Securities (Europe) Limited, UBS Limited, the Bank and the Selling Shareholder;

- "Underwriters" means Credit Suisse Securities (Europe) Limited and UBS Limited;

- "United States" or the "U.S." refers to the United States of America;

- "U.S. Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended;

- "U.S. GAAP" means generally accepted accounting principles in the United States; and

- "U.S. Securities Act" means the U.S. Securities Act of 1933, as amended.

FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward looking statements that involve a number of risks and uncertainties. Certain such forward looking statements can be identified by the use of forward looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", "approximately" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Bank's intentions, beliefs or current expectations concerning, amongst other things, the Bank's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward looking statements are not guarantees of future performance and that the Bank's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this Prospectus. In addition, even if the Bank's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- anticipated growth of the Bank's retail and corporate (particularly SME) businesses;
- diversification of its deposit base;
- credit losses that the Bank may incur;
- expectations as to the impact of projects undertaken to improve cost efficiencies and enhance revenue growth; and
- estimates and financial targets for increasing and diversifying the composition of the Bank's loan portfolio.

Factors that could cause actual results to differ materially from the Bank's expectations are contained in cautionary statements in this Prospectus and include, among other things, the following:

- overall economic and business conditions, including commodity prices;
- the demand for the Bank's services;
- competitive factors in the industries in which the Bank and its customers compete;
- changes in Government regulations;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- results of litigation or arbitration;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations;
- economic and political conditions in international markets, including governmental changes;
- hostilities and restrictions on the ability to transfer capital across borders; and
- the timing, impact and other uncertainties of future actions.

The sections of this Prospectus entitled "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*The Bank*" and "*Selected Statistical and Other Information*" contain a more complete discussion of the factors that could affect the Bank's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward looking events described in this Prospectus may not occur.

The Bank is not obliged to, and does not undertake any obligation to, update or revise any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Bank or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

The currency of Kazakhstan is the Tenge, which was introduced in November 1993. Prior to 5 April 1999, the NBK maintained a managed floating exchange rate system with the rate being determined on the basis of market developments and the NBK's role in setting the exchange rate was limited to interventions in the internal currency market in order to prevent exchange rate volatility caused by short-term changes in supply and demand. In April 1999, the NBK and the Government publicly announced that it would cease to intervene in the foreign exchange markets to support the Tenge, allowing the exchange rate to float freely. This decision was supported by international financial organisations such as the International Monetary Fund (the "IMF"). As a result, the Tenge depreciated from a pre-announcement rate of KZT 88.00 per U.S. Dollar to a rate of approximately KZT 130.00 per U.S. Dollar by May 1999. The Tenge appreciated against the U.S. Dollar during 2003 and 2004, before depreciating against the U.S. Dollar in 2005. According to the NBK, in 2006 the Tenge appreciated by approximately 5.1 per cent. against the U.S. Dollar. As at 31 December 2006, the official KZT/U.S.$ rate of exchange on the KASE, as reported by the NBK, was KZT 127.00 per U.S.$1.00.

The following table sets out certain period-end, high, average and low Tenge/U.S. Dollar official exchange rates as reported by the NBK:

Period ended	Period end	High	Average(1)	Low
31 December 2002	155.60	155.60	153.28	150.60
31 December 2003	144.22	155.89	149.58	143.66
31 December 2004	130.00	143.33	136.04	130.00
31 December 2005	133.98	136.12	132.88	129.83
31 December 2006	127.00	133.85	126.09	117.25
31 January 2007	126.24	127.00	125.74	124.86
28 February 2007	123.71	126.36	124.79	123.54
31 March 2007	123.84	125.33	124.85	123.17
30 April 2007	120.82	123.84	122.19	120.02
31 May 2007	121.62	122.03	120.23	118.79
30 June 2007	122.31	123.00	121.96	120.93

Note:

(1) The weighted average rate reported by the NBK for each month, as applicable, during the relevant period.

On 13 July 2007, the official KZT/U.S.$ rate of exchange, as reported by the NBK, was KZT 121.62 = U.S.$1.00.

The above rates may differ from the actual rates used in the preparation of the Financial Statements and Unaudited Interim Financial Statements and other financial information appearing in this Prospectus. The inclusion of these exchange rates is not intended to suggest that the Tenge amounts actually represent such U.S. Dollar amounts or that such amounts could have been converted into U.S. Dollars at any particular rate, or at all.

Exchange Controls

Kazakhstan has accepted the conditions of paragraphs 2, 3 and 4 of Article VIII of the IMF Charter and, as a result, has agreed not to introduce or increase any exchange rate restrictions, introduce or modify any practice of multiple exchange rates, enter into any bilateral agreements violating Article VIII or impose any import restrictions. In accordance with Article VIII, a new law on currency regulation was adopted in 1996. According to this law, all current account operations, including transfers of dividends, interest and other investment income, may be made without restriction. Only certain outflowing and inflowing capital account operations need to be licensed by or registered with the NBK. Capital inflows are registered and monitored for statistical purposes only, but are not restricted.

Following the influx of U.S. Dollars into Kazakhstan due to, among other things, rising oil prices, a number of steps aimed at liberalising the currency control regime were undertaken in Kazakhstan from 2002 to 2004. The Law on Currency Regulation and Currency Control and supporting regulations came into effect at the end of 2005, representing a significant milestone towards achieving the liberalisation of currency operations, extension of export of capital and elimination of double control in Kazakhstan. Among other things, the new currency control rules substantially expand the classes of Kazakhstan investors that can invest abroad and ease the requirements for international financing to Kazakhstan.

Since 1 January 2007, it has not been necessary to obtain an NBK licence for any foreign currency transactions, including the opening by Kazakhstan residents of accounts with foreign banks. Further, since 1 January 2007, most foreign currency transactions only require notification to the NBK or are not subject to currency control at all. Only financial loans (with a non-bank local counterparty), direct investments and certain other capital account operations require registration with the NBK. With respect to most of their offshore operations, Kazakhstan banks are only obliged to notify NBK as to such operations.

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SUMMARY

The following Summary should be read as an introduction to this Prospectus. Any decision by a prospective investor to invest in the GDRs should be based on consideration of this Prospectus as a whole and not solely on this Summary. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each member state of the European Economic Area ("EEA"), civil liability will attach to the persons responsible for this Summary, including any translation hereof, if, but only if, this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA states, be required to bear the costs of translating this Prospectus before legal proceedings are initiated.

Prospective investors should carefully read the entire Prospectus, including the Financial Statements and related notes, before making an investment decision. In particular, prospective investors should consider carefully the factors set forth in this Summary under the heading "Risk Factors".

Overview

Alliance Bank is a leading bank in Kazakhstan with particular strength in the retail and SME sectors. It is the largest retail lender in Kazakhstan, with KZT 314,168 million in retail loans (classified as "loans to individuals" in the Bank's financial statements) as at 31 March 2007, which represents a 20 per cent. share of the retail loan market (source: NBK, market share based on KAS). The Bank's primary focus within the retail market is on high margin consumer lending products, including in particular "Express" Loans, an unsecured loan product which the Bank believes provides it with a leading market position. As at 31 March 2007, the Bank had approximately 1.6 million individual retail customers and an extensive customer database based on over 4.5 million loan applications. The Bank's strong performance in the retail market during the past few years has helped it to generate strong profitability and improve its overall position in Kazakhstan's banking sector. As a result, the Bank is the third largest bank in Kazakhstan both in terms of total assets and in terms of total loans, as at 31 March 2007 (source: NBK).

Through its focus on retail lending, the Bank has grown from being the tenth largest lender in Kazakhstan's retail market, with KZT 9,010 million in retail loans as at 31 December 2004, to the largest such lender as at 31 March 2007, with KZT 314,168 million in retail loans. As a consequence of this rapid growth, the retail proportion of the Bank's loan portfolio increased over the same period from 15 per cent. to 45 per cent.

The Bank has also built on its traditional strength in the SME market, which offers higher margins compared to the large corporate sector. As at 31 March 2007, the Bank had KZT 187,515 million in SME loans (based on KAS), which Management estimates is one of the leading shares of the SME market. As in the retail market, the Bank believes that it distinguishes itself in SME lending by employing technology and credit scoring methodologies that allow credit risk to be assessed and loans to be processed quickly.

The Bank possesses several key competitive advantages which have supported its rapid growth and which the Bank believes will aid it in sustaining further growth in its loan portfolio and maintaining strong profitability. The Bank has developed the broadest distribution network of any bank in Kazakhstan by expanding its own branch network while also originating a portion of its loan portfolio through a network of Kazpost outlets, credit brokers and retail partners. The Bank's innovative distribution strategy is supported by an integrated information technology system which enables it to grant loans quickly, whilst managing risk effectively. The Bank has also developed a proprietary credit scoring model which automatically accesses data from the Kazakhstan State Pension Payment Centre, thus allowing it to assess potential customers' credit risk in as little as 30 minutes.

Throughout its development, the Bank has benefited from the support of its principal shareholder, SAFC, including through the introduction of a new management team and the continued recruitment of highly qualified professionals. Since first acquiring a stake in the Bank in 2001, SAFC has aided the Bank in developing and implementing its retail strategy. SAFC has established a number of credit brokers which the Bank utilises in its distribution strategy, as well as an insurance company, through which the Bank insures its "Express" Loan portfolio, and collection agents, to which the Bank outsources its collection activities. The Bank expects to continue to benefit from its relationship with SAFC.

The Bank's Strengths

The Bank believes that its key strengths are its:

- early mover advantage in Kazakhstan's fast-growing retail banking market;
- portfolio of high margin consumer finance products;
- large and fast-growing retail client base with high cross-selling potential;
- leading position in the profitable SME banking sector;
- advanced risk management systems;
- low level of concentration in its loan portfolio;
- wide and innovative distribution network, including channels developed through partnerships;
- technological leadership, including a fully integrated information technology platform;
- business model with potential for sustainable high level of profitability; and
- entrepreneurial management team supported by a strong shareholder committed to the Bank's growth strategy.

The Bank's Strategy

Following three years of rapid expansion, the Bank intends to leverage its distribution network and information technology to continue to grow in the sectors in which it currently operates. The Bank believes that it has a critical mass that has enabled it to develop a platform for continuing rapid growth even in segments in which it historically has been less involved. It accordingly intends to increase its focus on consolidating its position in the retail and SME segments and enhancing profitability. The Bank intends to continue its traditional focus on the most profitable segments of the sectors in which it operates, such as SMEs in the corporate sector and high margin consumer finance in the retail sector.

The key elements of the Bank's strategy include:

- driving loan growth by continuing to focus on the retail and SME segments and leveraging the existing client base;
- capturing a high market share in payment cards;
- focusing on profitability;
- growing and diversifying distribution channels and continuing to enhance information technology; and
- improving the overall cost of funding.

Kazakhstan's Economy

The Republic of Kazakhstan is located in Central Asia and is bordered by Russia to the north, the Caspian Sea to the west, Turkmenistan, Uzbekistan and the Kyrgyz Republic to the south, and China to the east. The population of Kazakhstan is approximately 15 million. Kazakhstan is rich in natural resources, with significant reserves of oil and natural gas, major coal deposits, and precious and base metals. In addition, Kazakhstan has agricultural potential in both grain and livestock production.

Kazakhstan has made significant progress towards creating a market economy since its independence in 1991. Along with other liberalising economic measures, the Government has created a favourable regime for foreign direct investment and has conducted a privatisation programme. As a result, Kazakhstan's economy has expanded by over 9 per cent. each year in real terms since 2000. Exports of oil and gas and high oil prices in recent years have been the primary driver of growth in GDP. The Government has also created a National Fund in 2000 to promote growth in non-oil sectors of the economy, which has contributed to diversification of the economy.

The Government and the NBK have also successfully reduced inflation, which was high in the years following the introduction of the Tenge in 1993. Measures implemented by the NBK contributed to single digit inflation in 2001 and inflation has been relatively stable in recent periods, although there have been short periods of inflationary pressure as a result of high commodity prices.

The Banking Sector in Kazakhstan

Generally, all credit institutions in Kazakhstan are required to be licensed by the FMSA and are regulated by the NBK and the FMSA. Both the NBK and the FMSA are independent institutions that report directly to the President of Kazakhstan. There are currently 33 banks operating in Kazakhstan, excluding the DBK and the NBK, of which 14 banks have foreign ownership. Following reforms in the mid-to-late 1990s, banking sector assets have increased from KZT 817 billion at 31 December 2001 to KZT 8,872 billion as at 31 December 2006 (based on KAS). See "*The Banking Sector in Kazakhstan*".

Risk Factors

Prior to investing in the GDRs, prospective investors should consider, together with the other information contained in this Prospectus, the risks associated with an investment in the GDRs, including the following risks:

Risk Factors Relating to the Bank

- the Bank's focus on the retail and SME segments could result in a decline in credit quality;
- the Bank's rapid expansion may increase its credit risk and the level of its non-performing loans and strain its risk management resources;
- the Bank's rapid expansion is expected to place strains on its distribution network and its ability to recruit sufficiently qualified employees;
- the Bank may encounter difficulty retaining its retail clients as customers;
- the Bank faces funding risks, including those related to its reliance on issuances in the international capital markets and difficulties obtaining funding domestically;
- any lack of availability of capital would adversely affect the Bank;
- the Bank plans to issue a large number of payment cards, an area in which it has relatively limited experience;
- SAFC has significant influence over the Bank's activities and its interests may conflict with those of the holders of Shares or GDRs;
- the Bank has depended and will depend on its principal shareholder for support;
- the Bank relies on third parties (including SAFC) for loan origination and debt collection;
- the Bank's current business model depends upon the insurance of its "Express" Loan portfolio with an affiliated entity;
- the Bank leases a majority of its properties and it may be unable to renew these leases on favourable terms;

- the Bank is dependent on its risk management systems;
- the Bank faces significant competition;
- the Bank is vulnerable to failures or interruptions in or breaches of its information systems;
- the Bank's success depends on the continued service of its key personnel;
- the Bank is exposed to liquidity risks;
- the Bank is exposed to market risks, including interest rate risk and foreign currency exchange risk;
- the Bank is dependent on interest income as a source of revenue and is sensitive to changes in interest rates;
- the relative lack of statistical, corporate and financial information in Kazakhstan may limit the ability of the Bank to assess its credit risk accurately;
- the Bank's business entails operational risks; and
- there is a degree of concentration in the Bank's lending and deposit bases.

Risk Factors Relating to Operating within the Kazakhstan Banking Sector

- recent regulatory changes in Kazakhstan may adversely affect the Bank's business;
- the Bank depends on its banking and other licences;
- recent changes to the Republic of Kazakhstan's Banking Law require the Bank to increase disclosure on the interest rates it charges its customers;
- the Bank's measures to prevent money laundering may not be completely effective;
- reform of the International Capital Adequacy Framework may adversely affect the Bank's business; and
- the impact on the Bank's business of anti-monopoly legislation is uncertain.

Risk Factors Relating to Kazakhstan

- political and regional considerations in Kazakhstan impose risks;
- the Bank may not comply with certain corporate governance requirements under Kazakhstan law; and
- Kazakhstan has less developed banking regulations and a less developed securities market than the United States and Western Europe.

Risk Factors Relating to the Shares and the GDRs

- there are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and the ownership of the Shares;
- the Shares and the GDRs may be subject to market price volatility and the market price of the Shares and the GDRs may decline disproportionately in response to adverse developments that are unrelated to the Bank's operating performance; and
- as the Shares are quoted in Tenge in Kazakhstan, investors may be subject to potential losses arising out of exchange rate risk on the Kazakhstan Tenge and risks associated with the conversion of Tenge proceeds into foreign currency.

See "*Risk Factors*" for further detail on the risks faced by the Bank.

Summary Financial and Other Information

The following tables set out summary financial information extracted from the Unaudited Interim Financial Statements and the Financial Statements as at the dates indicated.

	As at 31 March		As at 31 December			
	2007	2007	2006	2006	2005	2004
	(U.S.$ millions)[(1)] *(unaudited)*	*(KZT millions) (unaudited)*	*(U.S.$ millions)*[(2)] *(unaudited)*	*(KZT millions)*		
Condensed balance sheet data						
Loans to customers[(3)]	5,580	691,074	4,996	634,547	184,079	58,424
Financial assets at fair value through profit or loss	1,508	186,754	1,053	133,745	79,283	31,324
Total assets	8,978	1,111,810	7,250	920,750	332,758	119,860
Customer accounts	2,022	250,411	2,148	272,786	139,233	67,737
Due to banks	2,961	366,721	2,858	363,005	98,780	26,056
Debt securities issued	2,605	322,555	1,096	139,249	53,488	1,999
Total liabilities	8,150	1,009,235	6,620	840,712	304,726	103,872
Total equity	828	102,575	630	80,038	28,032	15,988

	Three months ended 31 March			Year ended 31 December			
	2007	2007	2006	2006	2006	2005	2004
	(U.S.$ millions)[(4)] *(unaudited)*	*(KZT millions) (unaudited)*		*(U.S.$ millions)*[(5)] *(unaudited)*	*(KZT millions)*		
Condensed income statement data							
Net interest income[(6)]	119	14,851	673	205	25,811	1,333	1,463
Provisions	(16)	(2,029)	(2,593)	(111)	(14,032)	(4,921)	(1,305)
Net fee and commission income[(7)]	(1)	(154)	1,245	21	2,629	2,502	1,267
Operating income	121	15,090	1,788	248	31,269	5,567	3,150
Operating profit	88	10,957	267	158	19,968	1,379	889
Net profit	67	8,307	(96)	111	14,010	1,596	861

	As at and for the three months ended 31 March		As at and for the year ended 31 December		
	2007	2006	2006	2005	2004
	(unaudited)				
Other data					
Return on shareholders' equity[(8)] *(per cent.)*	36.4[(9)]	N/A	25.9	7.3	8.7
Net interest margin[(10)] *(per cent.)*	7.5[(9)]	N/A	7.1	3.0	3.8
Total capital ratio[(11)] *(per cent.)*	18.3	N/A	15.6	13.3	27.1
Tier I capital ratio[(11)] *(per cent.)*	16.2	N/A	13.5	11.1	21.7
K1 — Tier I capital to total assets[(12)] *(per cent.)*	9.9	N/A	8.5	8.0	13.0
K2 — own capital to total assets weighted for risk[(12)] *(per cent.)*	15.4	N/A	14.3	15.0	33.0
Non-performing loans as a percentage of total gross loans based on KAS *(per cent.)*[(13)]	5.1	N/A	3.6	2.0	3.0

Notes:

(1) Translated at the U.S. Dollar exchange rate as at 31 March 2007, as reported by the NBK, of KZT 123.84 = U.S.$1.00.

(2) Translated at the year-end U.S. Dollar exchange rate as at 31 December 2006, as reported by the NBK, of KZT 127.00 = U.S.$1.00.

(3) Loans to customers stated less allowance for impairment losses.

(4) Translated at the average U.S. Dollar exchange rate for the three months ended 31 March 2007, as reported by the NBK, of KZT 124.85 = U.S.$1.00.

(5) Translated at the average U.S. Dollar exchange rate for the year ended 31 December 2006, as reported by the NBK, of KZT 126.09 = U.S.$1.00.

(6) Net interest income stated after provision for impairment losses on interest bearing assets.

(7) Net fee and commission income is defined as fee and commission income less fee and commission expense.

(8) Return on shareholders' equity is based on the average of the opening and closing balances for the period.

(9) Presented on an annualised basis.

(10) Net interest margin is defined as net interest income divided by the average of the opening and closing balances of interest-earning assets for the period.

(11) Tier I ratio and total capital ratio are calculated in accordance with the Basel Accord, as currently in effect. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Capital Adequacy*".

(12) The Bank's K1 — Tier I capital to total assets and K2 — own capital to total assets weighted for risk ratios are calculated in accordance with FMSA standards. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Capital Adequacy*".

(13) During the periods under review, the Bank defined non-performing loans as gross loans which were more than 30 days overdue. Since 1 June 2007, the Bank categorises "Express" Loans which are more than 120 days overdue and all other loans which are more than 90 days overdue as non-performing. For more detail on the definition of non-performing loans used by the Bank and how the recent change would have impacted the calculation of non-performing loans as a percentage of total gross loans in the periods under review, see "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policy and Write-Offs*".

Use of Proceeds

The gross proceeds to the Selling Shareholder from the Global Offer are expected to be U.S.$703,962,000 (assuming the Over-Allotment Put Option is exercised in full). The Bank will not receive any proceeds from the Global Offer. In connection with the Global Offer, the Selling Shareholder expects to pay underwriting commissions as well as certain fees and expenses totalling approximately U.S.$20 million.

THE GLOBAL OFFER

The Bank	JSC Alliance Bank.
The Selling Shareholder	Seimar Alliance Financial Corporation.
The Global Offer	The Selling Shareholder is offering in aggregate 1,676,100 Shares represented by 50,283,000 GDRs. If the Underwriters allot the Over-Allotment GDRs in full and do not exercise the Over-Allotment Put Option, a further 251,400 Shares represented by 7,542,000 GDRs will be offered by the Selling Shareholder. The GDRs are being offered in the United States to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and outside the United States to certain persons in offshore transactions in reliance on Regulation S. The GDRs will be issued by The Bank of New York, as depositary (the "Depositary").
The Shares	The Bank's authorised share capital consists of 14,337,500 shares, of which 11,537,500 are common shares and 2,800,000 are non-voting preference shares (the "Preference Shares"). These shares have the rights described under "*Description of Share Capital and Certain Requirements of Kazakhstan Legislation*". The Bank's issued and outstanding share capital immediately after Admission will consist of 9,637,500 common shares and 400,000 Preference Shares, all of which are fully paid.
The GDRs	Each GDR will represent one-thirtieth of a Share. The GDRs will be issued by the Depositary pursuant to a deposit agreement (the "Deposit Agreement") between the Bank and the Depositary to be dated on or about 19 July 2007. The GDRs will be evidenced initially by a Master Regulation S GDR and a Master Rule 144A GDR (together, the "Master GDRs"). Except in the limited circumstances described herein, definitive certificates will not be issued to holders in exchange for interests in the GDRs represented by the Master GDRs. Subject to the terms of the Deposit Agreement, interests in the Master Regulation S GDR may be exchanged for interests in the corresponding number of GDRs represented by the Master Rule 144A GDR, and *vice versa*.
Offer Price	U.S.$14.00 per GDR.
Closing Date	20 July 2007.
Over-allotment	In connection with the Global Offer, the Selling Shareholder will sell 7,542,000 GDRs (the "Over-Allotment GDRs") to the Stabilisation Manager for the purpose of making over-allotments and to conduct stabilisation activities with respect to the GDRs. Under the over-allotment structure, the Selling Shareholder will grant the Underwriters the Over-Allotment Put Option, which will be exercisable for a period of up to 30 days from the commencement of dealings on the LSE in the GDRs, to put back to the Selling Shareholder up to 7,542,000 GDRs which have been either sold to the Stabilisation Manager on or before the Closing Date and not allotted to purchasers by the Stabilisation Manager or otherwise purchased by the Stabilisation Manager in the market as a result of stabilisation activities.

Lock-up	The Bank and the Selling Shareholder have agreed, subject to certain exceptions, not to (i) issue, offer, sell, contract to sell, pledge, charge, grant options over or otherwise dispose of, directly or indirectly, any common shares in the capital of the Bank or global depositary receipts representing common shares in the capital of the Bank or securities convertible or exchangeable into or exercisable for any common shares in the capital of the Bank which the Bank or the Selling Shareholder, as the case may be, currently holds or subsequently acquires, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any common shares in the capital of the Bank or global depositary receipts representing common shares in the capital of the Bank nor to mandate any third party to do so, or announce the intention to do so for a period of 180 days and 12 months, respectively, from the date of the Underwriting Agreement, without the prior written consent of the Underwriters. See "*Details of the Global Offer — Lock-up Arrangements*".
Transfer and Ownership Restrictions	The Shares and the GDRs will be subject to certain restrictions on transfer; see "*Terms and Conditions of the GDRs*", "*Summary of Provisions Relating to the GDRs while in Master Form*", "*Description of Share Capital and Certain Requirements of Kazakhstan Legislation*" and "*Details of the Global Offer*". These restrictions include limitations on the ability of legal entities registered in, or with affiliated entities registered in, certain specified jurisdictions or individual shareholders participating in companies registered in such jurisdictions to own shares or to withdraw shares represented by global depositary receipts. See "*Risk Factors — Risk Factors relating to the Shares and the GDRs — There are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and the ownership of the Shares*".
Dividend Policy	The Bank does not expect to declare or pay dividends in the medium term. There is no guarantee that any future dividends will be declared or paid. See "*Dividend Policy*".
Listing and Market for the GDRs	Application has been made to the UK Listing Authority for up to 100,000,000 GDRs to be admitted to the Official List. The GDRs are expected to be admitted to trading on the LSE's market for listed securities through the IOB under the symbol ALLB. Application has also been made to have the Rule 144A GDRs designated eligible for trading in PORTAL. It is expected that Admission will become effective and unconditional dealings in the GDRs on the LSE will commence on 20 July 2007. Prior to that time, it is expected that conditional dealings in the GDRs will commence on the date of this Prospectus and that the earliest date for settlement of these dealings will be 20 July 2007. This date may change. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned**.
Selling Restrictions	The GDRs have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States, except to qualified institutional buyers in reliance on the exemption from the registration requirements of the

	U.S. Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The offer and sale of the GDRs is also subject to restrictions in the United Kingdom, the EEA, Kazakhstan and other jurisdictions. See "*Details of the Global Offer*" and "*Settlement and Transfer*".
Settlement Procedures	Payment for the GDRs is expected to be made in U.S. Dollars in same day funds through the facilities of DTC, Euroclear and Clearstream. Prior to closing, application will be made to have the Regulation S GDRs accepted into the settlement systems of Euroclear and Clearstream and to have the Rule 144A GDRs accepted into DTC's book entry settlement system. The Master Regulation S GDR will be deposited with the Common Depositary and registered in the name of The Bank of New York Depository (Nominees) Limited. The Master Rule 144A GDR will be held in book entry form and will be issued to DTC and registered in the name of Cede & Co., as nominee for DTC. Except in the limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the corresponding Master GDR only through DTC, Euroclear and Clearstream whether directly or through DTC participants including Euroclear and Clearstream. See "*Settlement and Transfer*". Transfers within and between DTC, Euroclear and Clearstream will be in accordance with their usual rules and operating procedures.
Voting	The Deposit Agreement contains arrangements allowing holders of the GDRs to vote the underlying Shares in accordance with Kazakhstan law, which restricts certain entities registered in, or with affiliated entities registered in, certain specified jurisdictions or individual shareholders participating in companies registered in such jurisdictions from voting. Holders of the Shares are entitled to one vote per Share at a shareholders' meeting. See "*Risk Factors — Risk Factors Relating to the Shares and the GDRs — There are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and ownership of the Shares*" and "*Terms and Conditions of the GDRs — Condition 12 (Voting of Shares)*" and *"Description of Share Capital and Certain Requirements of Kazakhstan Legislation — General meetings"* and *"Description of Share Capital and Certain Requirements of Kazakhstan Legislation — Disclosure of Beneficial Ownership*".

General Information	For information purposes only, the KASE trading symbol for the Shares is ASBN.

Regulation S GDRs

CUSIP:	018531103
ISIN:	US0185311034
Common Code:	019031250

Rule 144A GDRs

CUSIP:	018531202
ISIN:	US0185312024
Common Code:	030980859
LSE GDR trading symbol:	ALLB
PORTAL identification number	P018531202

RISK FACTORS

In addition to other information in this Prospectus, prospective investors should carefully consider the following risk factors before investing in the Bank's securities. The risks and uncertainties described below are not the only ones the Bank faces. Additional risks and uncertainties that the Bank is not aware of or that the Bank currently believes are immaterial may also adversely affect the Bank's business, financial condition or results of operations. If any of the possible events described below occurs, the Bank's business, financial condition or results of operations, among other things, could be materially and adversely affected.

Risk Factors Relating to the Bank

The Bank's focus on the retail and SME segments could result in a decline in credit quality, which could have an adverse effect on its business, results of operations and financial condition.

The Bank's loan portfolio is weighted toward retail and SME customers, with loans to retail and SME customers accounting for 46 per cent. and 27 per cent. of the Bank's total loan portfolio, respectively, as at 31 March 2007 (based on KAS). Further, the Bank has resolved to increase its focus on retail customers, including the mass retail segment, and therefore expects the proportion of retail loans in its loan portfolio to increase. As at 31 March 2007, the Bank had approximately 1.2 million retail borrowers and 5,731 SME borrowers. The Bank's focus on the retail and SME segments and in particular the mass retail segment exposes it to a number of risks. As a general matter, concentration of its loan portfolio in the retail and SME segments increases the Bank's credit risk. SME and retail customers typically are less financially resilient than larger borrowers and negative developments in Kazakhstan's economy could therefore adversely affect these customers to a greater degree than larger borrowers. Further, there is generally less financial information available about smaller companies and retail customers, and the Bank may have difficulty assessing the creditworthiness of these customers, despite the Bank's use of a sophisticated credit assessment scoring system.

In addition, as the Bank has expanded its retail loan portfolio, the proportion of loans in its portfolio which are uncollateralised has increased substantially. In particular, the proportion of "Express" Loans, which are extended on an unsecured basis, has increased from 11 per cent. of the Bank's retail loan portfolio as at 31 December 2004 to 62 per cent. as at 31 December 2006. As such, the Bank's performance is currently substantially influenced by a limited number of products and "Express" Loans in particular. The decline in the proportion of collateralised loans in the Bank's portfolio has increased the amount of funds subject to the risk of non-recovery of unpaid amounts from defaulting or insolvent customers. Although the Bank has subscribed to an insurance scheme with a related party to reduce the risk of its "Express" Loan portfolio, there can be no assurance that this scheme will sufficiently protect the Bank in the event the Bank needs to rely on it or in the event that the level of non-performing loans in the Bank's portfolio increases substantially. The high proportion of "Express" Loans in the Bank's loan portfolio, and in particular the relatively low level of collateralisation of these types of loans, could increase the Bank's loan losses, which would in turn have an adverse effect on its business, results of operations and financial condition.

The Bank's rapid expansion may increase its credit risk and the level of its non-performing loans and strain its risk management resources.

The Bank's gross loans and advances (before allowances for impairment losses) have increased substantially in recent years, growing by 214 per cent from KZT 61,030 million as at 31 December 2004 to KZT 191,634 million as at 31 December 2005 and by a further 242 per cent. to KZT 655,660 million as at 31 December 2006. The significant and rapid increase in the loan portfolio size and the increase in unsecured retail loans have increased the Bank's credit exposure (including indirect credit exposure via insurance arrangements with respect to its "Express" Loans). The level of non-performing loans has also increased in recent periods as a result of the increase in the proportion of "Express" Loans in the portfolio. During the first quarter of 2007, the Bank's non-performing loans, which the Bank defined as loans which were more than 30 days overdue, increased to 5.1 per cent. as at 31 March 2007, from 3.6 per cent. as at 31 December 2006 as a percentage of total gross loans, based on KAS. Further, while loans overdue by more than 30 days have remained relatively stable since 31 March 2007, loans overdue by more than 90 days have been increasing, although Management believes that this trend is largely the result of collection agents' difficulty in processing a high volume of overdue loans. If the Bank is unable to limit the increase in non-performing loans, its business, results of operations and financial condition could be materially adversely affected. In addition, since a large portion of the Bank's loan portfolio was originated within the last year and these loans have not yet matured, the Bank may have greater difficulty forecasting its results of operations and assessing its future credit risk.

Further, the continued development of new retail and SME credit products requires not only appropriate credit assessment methodologies but also appropriate risk management and information technology systems. Failure to manage growth through, among other things, the implementation of risk management and information technology systems and the expansion of the Bank's funding base could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank's rapid expansion is expected to place strains on its distribution network and its ability to recruit sufficiently qualified employees.

The Bank's rapid expansion is expected to place strains on its distribution network as it may be unable to hire a sufficient number of employees to adequately staff its branches and mini-branches or to serve customers on the premises of its retail partners. This in turn could adversely impact its ability to attract new clients and preserve its existing client base. Its rapid growth may result in an inadequate number of employees per customer, which may cause the quality of its customer service to decline. The banking industry in Kazakhstan has only begun to develop recently and there is a shortage of individuals who are qualified and/or experienced in the banking industry. As a result, the Bank, in common with other banks in Kazakhstan, faces significant competition for qualified personnel. The Bank has implemented incentives, such as performance-related pay and bonus schemes, in an attempt to recruit and retain its personnel, although there is no guarantee that such incentives will be successful.

In addition to the pressures it may face with respect to its own employees, the human resources functions of the Kazpost outlets and credit brokers to which the Bank outsources a portion of its loan origination and deposit activities may be strained as a result of the Bank's expansion. If Kazpost and the Bank's credit brokers are unable to recruit a sufficient number of qualified personnel, the quality of service at these sales outlets could be compromised, causing the Bank to lose customers and fail to attract new customers. Any failure by the Bank to manage successfully its personnel needs at its branches or mini-branches, Kazpost outlets and those of its credit brokers could limit the Bank's future growth, which would have a material adverse effect on its business, results of operations and financial condition.

The Bank may encounter difficulty retaining its retail clients as customers, which could cause its customer base to shrink and make it difficult to sustain further growth in its retail loan portfolio.

The Bank added over 1 million individual retail customers to its client base during 2006, primarily through the expansion of its "Express" Loan portfolio. As a general matter, "Express" Loan customers may be more difficult to retain than other types of customers as such customers are more likely to be one-time borrowers than SME and corporate customers, who generally require capital more frequently and at more regular intervals. The Bank intends to issue payment cards to its existing "Express" Loan customers in order to enhance customer loyalty and lay the groundwork for ongoing relationships with these customers. However, there can be no guarantee that this plan will be successful. If the Bank is unable to retain its retail customers or attract sufficient new retail customers, its customer base may shrink and it may be unable to sustain future growth in its loan portfolio, which would have a material adverse effect on its business, results of operations and financial condition.

The Bank faces funding risks, including those related to its reliance on issuances in the international capital markets and difficulties obtaining funding domestically.

In common with other banks operating in Kazakhstan's banking sector, the Bank has borrowed heavily in the international capital markets in recent periods. In 2006, Kazakh banks borrowed approximately U.S.$8.4 billion in the international capital markets, representing a significant increase over such borrowings in 2005. Further, despite measures implemented by the NBK and the FMSA intended to curb international borrowing, Kazakh banks continued to borrow internationally during the first quarter of 2007, issuing an additional U.S.$6 billion in debt securities in the international capital markets. In particular, the Bank has recently made several international issuances which have increased its debt securities in issuance. As its loan to deposits ratio is relatively high, at 276 per cent. as at 31 March 2007, the Bank will likely continue to rely heavily on international borrowings as a source of funding. As a result of this reliance, the Bank is exposed to the risk of deterioration of conditions in the international capital markets and rising global interest rates. Moreover, there is a risk that the Bank could have difficulty accessing the international capital markets because of investor perception of emerging markets and Kazakhstan in particular. If the Bank is unable to continue relying on the international capital markets as a source of funding or if the cost of such funding increases, growth in its loan portfolio could be constrained or its profit margins could be reduced, each of which could have a material adverse effect on its business, results of operations and financial condition.

Moreover, as noted above, the Bank's loan to deposit ratio is high, and its total deposits decreased by 8 per cent. from 31 December 2006 to 31 March 2007. The Bank may continue to have difficulty attracting retail deposits, which can be impacted by seasonality and by public confidence in Kazakhstan's banking system. In addition, the Bank relies on short-term deposits and loans from other banks, which remained fairly flat from 31 December 2006 to 31 March 2007, while decreasing as a percentage of the Bank's total liabilities. Further decreases in the Bank's deposit base, or an inability to increase its funding from domestic banks, could restrict asset growth and contribute to higher overall funding costs.

Any lack of availability of capital, both in terms of compliance with applicable capital adequacy ratios and in respect of the conduct of its business, would adversely affect the Bank.

Although the Bank has maintained relatively high capitalisation levels in recent years due to successive capital injections from its shareholders, if the size of the Bank's loan portfolio continues to increase as rapidly as it has in previous years, substantial capital may be required to strengthen further the Bank's capital base. Any failure to maintain adequate levels of capital in the future could substantially limit the Bank's ability to continue to increase the size of its loan portfolio whilst complying with applicable regulatory guidelines (including with respect to restrictions on international borrowing) and covenants imposing certain minimum capital adequacy requirements on the Bank. As at 31 March 2007, the Bank's K1 and K2 ratios calculated in accordance with FMSA rules were 9.9 per cent. and 15.4 per cent., respectively. These ratios satisfy the prudential guidelines of FMSA which require minimum levels of 5 per cent. for K1 and 10 per cent. for K2 for commercial banks such as the Bank whose principal shareholder has the status of bank holding company under the FMSA rules. The Bank's Tier I and total capital ratios calculated in accordance with BIS standards were 16.2 per cent. and 18.3 per cent., respectively, as at 31 March 2007. Failure to maintain the minimum capital adequacy ratios or to otherwise maintain sufficient levels of capital to conduct its business may adversely affect the Bank's business, results of operations and financial condition.

The Bank plans to issue a large number of payment cards, an area in which it has relatively limited experience, and it may be unable to manage adequately the increased credit and liquidity risk inherent in revolving credit facilities.

The Bank recently began issuing its own payment cards and as at 31 December 2006, it had issued approximately 70,000 of these cards. In addition, the Bank developed its own card processing services relatively recently, in May 2006. Accordingly, its experience in issuing and processing payment cards is relatively limited. The Bank plans to issue over 1 million additional cards during 2007 by converting its most creditworthy existing "Express" Loan customers into payment card holders. This will expose the Bank to additional risks. In particular, the Bank will face greater credit risk as a result of the revolving nature of credit extended through payment cards. When the Bank approves an "Express" Loan, it uses its automated credit scoring system to assess the potential borrower's risk at a particular point in time. By contrast, holders of payment cards will only be subject to a credit approval process when the holder first applies for a payment card, and not each time credit is drawn (i.e. when the card is used). Although the Bank plans to issue cards only to customers with a demonstrated track record of repayment of their loans and it plans to revise regularly the credit limits of its customers, there can be no guarantee that its customers will be creditworthy at the time credit is drawn or that they will use their cards responsibly. In addition, the Bank may face greater liquidity risk due to seasonality or otherwise. Cardholders may make purchases with their cards during a particular time of year, including for instance in the period immediately before a holiday, and the Bank may be unable to liquidate sufficient assets to disburse the required funds during that time. If the Bank's experience in payment cards is insufficient to enable it to manage these increased risks effectively, its business, results of operations and financial condition could be materially adversely affected.

SAFC has significant influence over the Bank's activities and its interests may conflict with the interests of the holders of Shares or GDRs.

In February 2006, the FMSA approved Seimar Alliance Financial Corporation ("SAFC") (formerly Seimar Investment Group) as a bank holding company, and in March 2006 SAFC exercised certain options it had acquired the previous year and obtained a controlling interest in the Bank. SAFC currently owns 72.5 per cent.

of the common shares of the Bank. In addition, Mr. Margulan Seissembayev (the beneficial owner and Chairman of the Board of SAFC and the Chairman of the Board of Directors of the Bank) has options to acquire a substantial portion of the remaining common shares of the Bank, such that SAFC will control a substantial majority of the Bank's common shares even following the Global Offer. Thus, if circumstances arose where SAFC's interests conflicted with the interests of holders of GDRs, such holders could be disadvantaged as a result of SAFC's control of the Bank. For example, as SAFC has a controlling interest, it would have the ability to exercise significant control over the Bank's pursuit of acquisitions, divestitures, financings or other transactions that could enhance the value of its assets without necessarily benefiting the GDR holders. Moreover, SAFC is directly and indirectly active in a range of financial services and as a consequence may elect to have the Bank focus only on certain banking activities rather than take advantage of financial services opportunities which may otherwise be more profitable. Further, although SAFC may itself expand outside Kazakhstan, it has indicated that its strategic plans for the Bank are focused on Kazakhstan and it does not plan to pursue a regional or international expansion strategy with respect to the Bank. Therefore, even if the Bank decided to expand its operations to regions outside Kazakhstan, its ability to do so could be constrained if SAFC did not support such expansion, including by expanding its credit broker network internationally. In addition, there is a risk that SAFC could cause the Bank to enter into transactions with SAFC's affiliated entities (on which the Bank relies) on terms that are not at arm's length, which would not benefit GDR holders (although the Bank intends to require that any such transactions be approved by the independent directors sitting on its Board of Directors). See *"Management and Corporate Governance — Corporate Governance"* and "*Related Party Transactions*". Further, certain of the other shareholders of the Bank may act together with SAFC (as they have done historically) or support decisions taken by SAFC that do not necessarily benefit GDR holders.

The Bank has depended and will depend on its principal shareholder for support and if this support is not forthcoming, its business, results of operations and financial condition may be adversely affected.

The Bank has historically benefited from capital injections made by the existing shareholders of the Bank, including SAFC, the Bank's principal shareholder. These shareholders have no obligation to inject additional capital into the Bank. Although SAFC has supported the Bank in the past with the provision of additional capital, it is under no obligation to provide such support in the future and no assurance can be given that, if the Bank requires a capital increase, SAFC will procure the subscription for any new shares or otherwise provide financing to the Bank. Moreover, through its ownership of a majority of the Bank's voting shares, SAFC is able to block any increase in the Bank's capital. Any such constraints could materially and adversely affect the Bank's business, results of operations and financial condition.

The Bank relies on third parties (including SAFC) for loan origination and debt collection and any interruption in its ability to rely on the services of these third parties or deterioration in their performance could impair the quality of the Bank's services and/or constrain its growth.

In February 2006, the Bank began to rely on the services of third party credit brokers for the origination of loans, in particular "Express" Loans. The Bank currently has arrangements in place with 15 credit brokers, which originated approximately 49 per cent. and 52 per cent. of the Bank's "Express" Loan portfolio during the year ended 31 December 2006 and the three months ended 31 March 2007, respectively. The Bank has also begun to accept deposits through these credit brokers. In addition, the Bank relies on third party collection agents for the collection of overdue debts over which the Bank does not exercise control. The Bank must monitor the performance of these third parties in order to ensure quality loan origination and collection of overdue loans. If the Bank is unable to monitor its credit brokers or debt collection agents effectively or if there is an interruption or deterioration in the level of service provided, loan origination could decline, the collection of overdue debts could decrease or the Bank could encounter difficulty in expanding. In addition, the Bank negotiates the sales commissions payable to credit brokers and fees payable to debt collection agents and there can be no assurance that the fees associated with debt collection will not increase. Furthermore, if the contracts with any of the third party providers upon which the Bank relies are terminated or if the fees and commissions charged by these third parties increase substantially, the Bank may not find alternative providers on a timely basis or on satisfactory terms, which would impair its loan origination and deposit acceptance activities. The occurrence of any of these events could have a material adverse effect on the Bank's business, results of operations and financial condition.

In addition, SAFC controls seven of the credit brokers currently employed by the Bank. See "*Related Party Transactions — Transactions with Affiliated Credit Brokers"*. For the year ended 31 December 2006 and the three months ended 31 March 2007, affiliated credit brokers of the Bank originated approximately 44 per cent. and 47 per cent. of the Bank's "Express" Loan portfolio, respectively. SAFC's interests may diverge from those of the Bank and if it were to close down its credit brokerage operations or operate its credit brokers in competition with the Bank, the Bank would be materially adversely affected. In addition, SAFC controls two of the debt collection agents with which the Bank currently has agreements, and it is possible that SAFC could operate those businesses in a manner that adversely impacts the Bank. For example, it is possible that credit brokers and collection agents that are controlled by SAFC, and which derive a substantial portion of their revenues from the Bank, could substantially increase the fees and commissions they charge to the Bank, which could materially adversely impact the Bank, particularly to the extent that it has difficulty procuring these services from unaffiliated third parties.

The Bank's current business model depends upon the insurance of its "Express" Loan portfolio with an affiliated entity and if it is unable to continue insuring this portfolio or if insurance premiums were to rise, its business, results of operations and financial condition could be materially adversely affected.

In June 2006, the Bank began insuring its "Express" Loan portfolio with Alliance Policy and in October 2006, all "Express" Loans made prior to June 2006 were insured. If the principal on an insured loan is not paid by the borrower, Alliance Policy (which is a related party of SAFC) pays the Bank the principal amount of the debt together with accrued interest, accepting in return the right to demand payment from the Bank's customer. This practice has reduced the Bank's credit risk significantly, although it does mean that the Bank is substantially exposed to the credit risk of its affiliate, Alliance Policy, and the risk of its defaulting on or delaying its payments. A substantial majority of the insurance issued by Alliance Policy is to the Bank. For the year ended 31 December 2006, 71 per cent. of Alliance Policy's gross written premiums were attributable to the Bank. Moreover, although Alliance Policy reinsures a portion of its risk exposure to the Bank, it retains a substantial degree of this exposure. Therefore, in the event default rates on the Bank's "Express" Loan portfolio substantially exceed the levels at which the Bank and Alliance Policy have insured or reinsured (as the case may be) their respective exposures, Alliance Policy may have difficulty meeting its obligations to the Bank to pay out under the insurance policies, which could have a material adverse effect on the Bank.

Furthermore, if the Bank can no longer insure with Alliance Policy, it may have difficulty arranging suitable replacement insurance on similar terms, particularly as it can be difficult to obtain insurance in Kazakhstan from non-Kazakh insurers. If the Bank is unable to continue insuring its "Express" Loan portfolio with Alliance Policy, by reason of termination of its agreement with Alliance Policy or otherwise, and is unable to obtain equivalent insurance on comparable terms, the Bank may be required to increase provisions in respect of "Express" Loans to more than the 5 per cent. insurance premium that it currently pays. As a result, the Bank's credit risk would increase and provisions may increase substantially, which would have a material adverse effect on its business, results of operations and financial condition.

In addition, although the Bank believes that transactions between itself and Alliance Policy are conducted on an arm's length basis, there can be no assurance that Alliance Policy will not seek to increase the commissions it receives from the Bank. The insurance premium paid by the Bank has risen several times since the Bank began insuring its "Express" Loan portfolio in June 2006, when the premium payable was 2 per cent. of the principal amount of the loan insured. In May 2007, the Bank signed an agreement with Alliance Policy which provides that insurance premiums in respect of new loans shall be reconsidered twice per year, taking into account factors such as the quality of the loan portfolio and the expected level of non-performing loans. Accordingly, if the quality of the Bank's "Express" Loan portfolio were to decline or the expected level of non-performing loans were to increase, Alliance Policy may seek to negotiate higher insurance premiums payable by the Bank, which could have a material adverse effect on the Bank. If these insurance transactions are conducted on terms that are not beneficial to the Bank, this could have a material adverse effect on its business, results of operations and financial condition.

The Bank leases a majority of its properties and if it is unable to renew these leases on favourable terms, its operating costs may increase and it may face constraints on its growth.

Retail sales of commercial real estate in Almaty and surrounding areas have increased substantially over the last six years. The Bank leases its current head office in Almaty and as at 31 March 2007, leased the land occupied by 15 of its branches and 160 of its mini-branches. In addition, the Bank plans to expand its distribution network during 2007 and it may lease buildings and/or facilities which it will use for the new branches and mini-branches. If the Bank is unable to renew its leases or if it is unable to lease buildings for new branches on favourable terms, its costs of operation may increase, reducing its profitability. The Bank has, since the beginning of 2007, begun to pursue a new strategy of owning, rather than leasing, its properties, including its new head office which is currently under construction. Although the Bank uses the services of Kenes LLP, a subsidiary of SAFC, for valuation of properties it plans to acquire, it may not be successful at acquiring properties at attractive prices or may be required to pay more than it anticipated for the properties it acquires. Further, since the addition of new branches and mini-branches to its distribution network is key to the success of the Bank's plans to expand its operations, any constraints on its acquisition of real estate could have a material adverse effect on its business, results of operations and financial condition.

The Bank is dependent on its risk management systems and if it is unable to continue to develop these systems as its loan portfolio expands, its business, results of operations and financial condition could be materially adversely affected.

Management by the Bank of the risks inherent in the banking business requires substantial resources. Although Management believes that the Bank's information technology and risk management systems, policies and procedures are adequate for the purposes of measuring, monitoring and managing the Bank's exposure to credit, liquidity, interest rate, foreign exchange and other market risks in the context of its existing business, as the Bank's business continues to grow and develop, its risk profiles are likely to change, particularly as growth in the loan portfolio is focused on retail and SME borrowers (and as unsecured loans to the retail mass market increase). Management continually assesses its risk management resources and the Bank has made considerable investments in information technology over the last three years and has engaged its independent auditor to provide a review of its risk management functions based on FMSA requirements. However, if the Bank's risk management systems are not developed and enhanced in line with the growth in the Bank's business and increases in credit risk, including where the Bank is confronted with risks that it has not identified or anticipated, this could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank faces significant competition, which may increase in the future, and which may have a negative effect on its net interest margin and its business, results of operations and financial condition in general.

In the past, the Bank has faced competition primarily from banks which focus on the retail banking market, including Halyk Bank and Bank CenterCredit. Going forward, however, the Bank expects that it will experience heightened competition from a wider range of banks. The Bank has recently surpassed Halyk Bank and ATF Bank to become the third largest bank in Kazakhstan, as measured by total net loans. As a result it expects to face greater competition from larger banks, including Kazkommertsbank and Bank TuranAlem, with which it has not competed to a significant degree in the past. Further, the Bank believes that the expansion strategy of all banks in Kazakhstan's banking sector will be centred upon the retail banking market as this market is under-penetrated and offers higher margins. As other banks increase their retail lending activities, the Bank will face greater competition. In particular, the Bank may face competition in respect of unsecured retail loans, which could reduce the margins that the Bank currently generates on its "Express" Loans. In addition to the competition it faces from domestic banks, foreign-owned banks have significantly greater resources and cheaper funding bases than the Bank and may therefore compete with the Bank in the future, although they have not generally competed with the Bank in the past. For example, ABN AMRO, Citibank and HSBC all have offices in Kazakhstan and these banks have greater international experience and existing global relationships with foreign companies operating in Kazakhstan, allowing them to target the largest domestic corporate customers, as well as foreign companies operating in Kazakhstan. Accordingly, these entities are likely to become competitive with the Bank in the corporate banking sector in the longer term. Competition from domestic and foreign banks for depositors or for quality retail and SME clients could place pressure on the Bank's net interest margin. If the Bank loses customers or is unable to attract customers at rates greater than its competitors, its business, results of operations and financial condition could be materially adversely affected.

Any failure or interruption in or breach of the Bank's information systems, and any failure to implement properly or update such systems, may have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank relies heavily on information systems to conduct its business and is currently upgrading a number of its information technology systems. However, there can be no assurance that the improved information technology systems will be developed according to schedule, that the new systems will address all of the shortcomings of the current systems or will be sufficient to meet the needs of the Bank's rapidly growing and changing business. In addition, competitors may develop their information technology more rapidly and successfully than the Bank. Furthermore, any failure or interruption in or breach in security of the Bank's systems could result in failures or interruptions in the Bank's risk management, deposit servicing and/or loan origination systems or errors in its accounting books and records. In particular, the Bank relies heavily on its proprietary automated credit scoring system for quick and efficient origination of loans and any failure in this system could deprive the Bank of a key competitive advantage. The Bank has developed back-up systems, including a reserve centre located in Almaty, and it plans to develop another reserve centre in Astana in 2009. However, if these back-up systems were to prove inadequate in the event of an information systems failure, the Bank might be unable to serve some customers' needs on a timely basis, might incur substantial information retrieval costs, might lose customers' business and might become liable to such customers as a result of any loss or damage suffered by such customers. In addition, any security breach of the Bank's automated credit scoring system could result in the inappropriate disclosure of confidential customer information, which could harm the Bank's reputation and subject it to the risk of litigation. Moreover, the Bank is exposed to the risk that the third parties on which it relies for a portion of its loan origination and other services encounter failures, interruptions or breaches of their information technology systems. No assurance can be given that such failures or interruptions will not occur or that the Bank will adequately address them if they do occur. Accordingly, the occurrence of any failures or interruptions and failure to implement properly any of these systems could have a material adverse effect on the Bank's business, results of operations or financial condition.

The Bank's success depends on the continued service of its key personnel and it may not be able to retain such personnel.

The Bank's success in growing its business will depend, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel. The Bank relies on its senior Management for the implementation of its strategy and its day-to-day operations. As competition for skilled personnel, especially at the senior management level, is intense, the Bank seeks further to develop its remuneration levels and to take other measures to attract and motivate skilled personnel. Moreover, SAFC has from time to time re-allocated key personnel from positions at the Bank to positions in the SAFC group, and it may continue to do so in the future, depriving the Bank of key personnel. If the Bank is unable to retain key members of its senior Management and cannot hire new qualified personnel in a timely manner, its business, results of operations and financial condition could be adversely affected.

The Bank is exposed to liquidity risks and if it is unable to meet its liquidity needs, its business, results of operations and financial condition could be materially adversely affected.

The Bank, like other commercial banks in Kazakhstan and elsewhere, is exposed to liquidity risk due to maturity mismatches between its assets and liabilities. As at 31 March 2007, the Bank had a negative interest sensitivity gap of KZT 51,150 million for maturities of between one year and five years. In addition, the Bank is exposed to greater liquidity risk as a result of its focus on the retail banking market. In particular, if the Bank expands its current accounts as a proportion of its total deposits, it would magnify its liquidity gap. Further, as the Bank converts its existing "Express" Loan customers into payment card holders, it may face greater liquidity risk as a result of the unpredictability of the timing of customers' borrowing. In line with other commercial banks in Kazakhstan, in recent years the Bank has made several issuances in the international capital markets. If the Bank's ability to access the international capital markets is constrained (for regulatory or other reasons), its liquidity risk may increase significantly. Although the Bank believes that its level of access to domestic and international inter-bank markets and its liquidity risk management policy allow and will continue to allow the Bank to meet its short-term and long-term liquidity needs, any maturity mismatches between the Bank's assets and liabilities (including by reason of the withdrawal of large deposits) may have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank is exposed to a number of market risks, including interest rate risk and foreign currency exchange risk and if it is unable to manage these risks effectively, its business, results of operations and financial condition could be materially adversely affected.

The Bank, like other commercial banks in Kazakhstan and elsewhere, is exposed to risks resulting from mismatches between interest rates on its interest-bearing liabilities and interest-earning assets as well as risk resulting from fluctuations in the prevailing foreign currency exchange risks. While the Bank believes that it has policies and procedures in place together with appropriately trained staff to measure, monitor and manage foreign currency exchange risk, including currency hedging arrangements, any volatility in exchange rates or commodity market prices could have an adverse effect on the Bank's business, results of operations and financial condition. Similarly, the Bank's business, results of operations and financial condition could be adversely affected if the Bank has unhedged foreign currency positions in respect of its long-term U.S. Dollar funding.

The Bank is dependent on interest income as a source of revenue and is sensitive to changes in interest rates, which may result in compression of its net interest margin.

Net interest income accounted for 83 per cent. of the Bank's operating income for the year ended 31 December 2006 and 98 per cent. of its operating income for the three months ended 31 March 2007. The Bank plans to increase the proportion of its income represented by fees and commissions, including through the issuance of payment cards. However, if the Bank is unsuccessful in diversifying its income base, it will remain highly sensitive to adverse changes in market interest rates.

In addition, although the Bank has been able to increase its net interest margin significantly, from 3.0 per cent. for the year ended 31 December 2005 to 7.1 per cent. for the year ended 31 December 2006 and to 7.5 per cent. (on an annualised basis) for the three months ended 31 March 2007, it may in the future have difficulty sustaining these high margins. As competition for retail borrowers in the Kazakh market increases, the Bank may face pressure on its margins and may be forced to lower the interest rates it charges on "Express" Loans or other products.

Further, like most other banks operating in Kazakhstan, the Bank's vulnerability to compression in the level of its net interest margin is intensified by issuances in the international capital markets. In the short term the Bank is generally unable to deploy the entirety of proceeds of such issuances into higher margin assets and usually invests in short-term securities. The return it earns on these securities may be lower than the Bank's cost of servicing the funds raised. The Bank made several issuances in the international capital markets during 2005, 2006 and 2007 and may continue to make such issuances in the future. If it is unable to deploy the proceeds of future issues in relatively higher margin assets and match duration, its business, results of operations and financial condition may be adversely affected.

As a result of the foregoing factors, there can be no assurance that the Bank will be able to protect itself from the adverse effects of future interest rate and margin pressures. Any fall in market interest rates on loans or increases in rates payable on deposits or other sources of funding could lead to a reduction in the Bank's net interest margin and net interest income and could materially and adversely affect the Bank's business, results of operations and financial condition.

The relative lack of statistical, corporate and financial information in Kazakhstan may limit the ability of the Bank to assess its credit risks accurately.

Kazakhstan's system for gathering and publishing statistical information relating to its economy generally or specific economic sectors within it or corporate or financial information relating to companies and other economic enterprises and retail customers is not as comprehensive as that found in many countries with established market economies. Thus, the statistical, corporate and financial information, including audited financial statements and recognised debt rating reports, available to the Bank relating to its prospective corporate borrowers or retail clients makes the assessment of credit risk, including the valuation of collateral, more difficult. This in turn could increase the risk of under-provisioning and decrease the likelihood that the collateral would have a value commensurate to the loan secured by it. In particular, the Bank's exposure to retail customers, via "Express" Loans, has increased dramatically in recent periods, and, given the relative lack of detailed information about such borrowers, it may be more difficult for the Bank to make accurate assessments about credit in respect of its retail loan portfolio.

The Bank's business entails operational risks, which may have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank is exposed to operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. The Bank is susceptible to, among other things, fraud by employees or outsiders, unauthorised transactions by employees and operational errors, including clerical or record keeping errors and errors resulting from faulty computer or telecommunications systems. Given the Bank's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. In addition, the Bank's information technology systems do not fully support its operations and a number of transactions are processed manually, which may further increase the risk that human error or employee tampering or manipulation will result in losses that may be difficult to detect.

The Bank maintains a system of controls designed to monitor and control operational risk. However, there can be no assurance that it will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, the inadequacy of the Bank's internal processes or systems may result in unauthorised transactions and errors not being detected, or the Bank's insurance may not cover its losses from such transactions or errors, which may have a material adverse effect on the Bank's business, financial condition or results of operations.

There is a degree of concentration in the Bank's lending and deposit bases which exposes the Bank to heightened credit risk as well as greater liquidity risk.

As at 31 March 2007 and as at 31 December 2006, the Bank's 10 largest borrowers accounted for 14 per cent. of gross commercial loans and advances, compared to 19 per cent. as at 31 December 2005 and 19 per cent. as at 31 December 2004. Although the Bank's level of concentration in its lending base is relatively low when compared with those of its competitors, the Bank will need to continue to monitor the concentration of its loan portfolio and if it does not do this effectively, its credit exposure could increase, which would have a material adverse effect on the Bank's business, results of operations and financial condition.

As at 31 March 2007 and as at 31 December 2006, the Bank's 10 largest depositors accounted for 5 per cent. and 7 per cent. of total liabilities, respectively, compared to 16 per cent. as at 31 December 2005 and 21 per cent. as at 31 December 2004 (according to the Bank's internal records). Although the Bank's policy is to reduce concentration risk by diversifying its deposit base, the failure to do so or the withdrawal of a significant portion of deposits could expose the Bank to increased credit risk and liquidity risk and have a material adverse effect on the Bank's business, results of operations and financial condition.

Risk Factors Relating to Operating within the Kazakhstan Banking Sector

Recent regulatory changes in Kazakhstan may adversely affect the Bank's business.

Recent changes to NBK minimum reserve requirements and potential restrictions imposed by the FMSA on attracting short-term indebtedness may affect the Bank's ability to attract foreign and short-term funding. In July 2006, the NBK introduced new reserve requirements in an effort to limit borrowings, in particular foreign borrowings, to address concerns about excessive money supply in the economy. The new rules increase reserve requirements for borrowings from non-residents and borrowings through the issuance of notes and subordinated debt instruments (regardless of residence) from 6 per cent. to 8 per cent., although domestic borrowings from residents except as mentioned above remain at 6 per cent. In common with a number of other banks in the country, a significant portion of the Bank's funding is in U.S. Dollars from the syndicated loan markets and capital markets transactions. Consequently, the new minimum reserve requirements may constrain the Bank's ability to borrow internationally.

In addition, on 30 June 2006 the FMSA implemented new measures that, among other things, limit a bank's outstanding external short-term financings (that is, obligations with an initial repayment period of up to one year) to an amount equal to its "own capital". These rules, amongst others, may prevent the Bank from extending some of its short-term facilities and may require it to increase the maturities of some of its sources of funding to terms over one year, neither of which may be available in sufficient quantities to replace the short-term facilities. A failure to replace these facilities could lead to an increase in the Bank's funding costs, an increase in its liquidity risk and interest rate risk, or both.

To address concerns about currency mismatches and to manage the liquidity of banks in Kazakhstan, the FMSA also tightened requirements with respect to open/net currency positions. These, and any future changes imposed by the FMSA, may have an adverse effect on the Bank's operations and profitability and liquidity.

In April 2007, in order to reduce the risks associated with rapid growth in the external debt of Kazakhstan banks, the FMSA enacted certain amendments to Kazakhstan's capital adequacy regulations. These regulations limit the total amount of "external liabilities" (including external loans and issued debt securities) which a bank can incur to a multiple of such bank's "own capital". The amendments set out several time limits for compliance. Banks in Kazakhstan will have until 1 January 2008 to bring their ratio of "external capital" to "own capital" to within intermediate ratios established by the amendment and, by 1 April 2008, to fully comply with the final ratios. The amendments provide for different final ratios depending upon the type of external liabilities. For debt securities issued by special purpose subsidiaries of the Bank (such as Alliance Finance B.V. and OOO Alliance Finance) and guaranteed by the Bank, the Bank will be required to maintain a ratio of such debt securities to "own capital" of 5.5. For all other external liabilities (including external loans), the Bank will be required to maintain a ratio of 3.5. These amendments may result in banks exceeding the prescribed ratios on the relevant compliance date and therefore having to take steps to either repay foreign-sourced debt or increase their "own capital" in order to avoid being in breach of the new regulations. Accordingly, the Bank's access to the foreign loan and capital markets to support its operations may be curtailed.

In addition to the recently enacted reserve requirement and capital adequacy regulations, the FMSA recently approved new regulations on portfolio supervision and provisioning, which came into effect on 1 April 2007. The portfolio supervision regulations generally provide for more stringent classification requirements. For instance, as a result of the greater risk associated with real estate loans and loans denominated in foreign currencies, the FMSA now requires the Bank to classify mortgage loans and certain foreign currency loans in lower categories than those in which they were previously included. Since these classifications are used to determine provisions for certain types of loans, the Bank may be required to increase its provisions as a result of the new regulations, which would reduce its net income. The FMSA is also empowered under the new regulations to require banks to increase their statutory provisions.

In addition, the FMSA has broad regulatory discretion to require banks in Kazakhstan to take certain actions in light of perceived risks. Because of the risks ascribed by the FMSA to the Bank's "Express" Loan product, the FMSA recently engaged in discussions with the Bank regarding the Bank's provisioning rates. Ultimately the Bank agreed to establish a reserve capital account, which will have the effect of reducing its retained earnings balance as at 30 June 2007 by approximately KZT 12.9 billion, which has the effect of preventing the Bank from paying such amounts as dividends (although if credit insurance with respect to "Express" Loans is deemed to be sufficient to cover losses, it is possible that the reserve capital account may be reversed and such amounts may again be included in distributable retained earnings). There can be no assurance that the Bank will not be required in the future to take further actions in response to specific FMSA requests, which could have a material adverse effect on the Bank's business, results of operations and financial condition.

Notwithstanding the relatively strict regulatory standards in Kazakhstan, prospective investors should understand that regulatory standards applicable to banks in Kazakhstan and the oversight and enforcement by the regulators thereof may differ from those applicable to banking operations in countries with more highly developed regulatory regimes. As a result, investors may not have the benefit of all of the protections available in such other countries.

The Bank depends on its banking and other licences and if it loses these licences, it may be unable to perform its operations.

All banking operations in Kazakhstan require licensing by the FMSA. The Bank has a current licence for all of its banking and other operations. Although the Bank believes it is currently in compliance with its existing material licence and reporting obligations, there can be no assurance that the Bank will be able to maintain such licences in the future. The Bank is subject to periodic unannounced regulatory inspections by the FMSA, and if it were found not to be in full compliance with all FMSA regulations, it could lose its banking licence and would then be unable to perform its banking operations, which would have a material adverse effect on the Bank's business, results of operations and financial condition.

Recent changes to the Republic of Kazakhstan's Banking Law require the Bank to increase disclosure on the interest rates it charges its customers, which may discourage customers from borrowing from the Bank.

The Republic of Kazakhstan's Banking Law was recently amended to require the Bank to increase the disclosure it provides to its customers on the interest rates it charges them. The amendments became effective in

January 2007. The greater disclosure requirements may discourage customers from taking out loans with the Bank. In particular, in the past the Bank has advertised to customers the nominal rate it charges them but has not prominently disclosed the effective rate. For Express Loans, interest is accrued throughout the life of the loan based on the full original principal amount of the loan rather than the remaining balance of the loan. As a consequence, the effective interest rate paid by customers has been significantly higher than the advertised rate. In addition, the advertised rate commonly does not take into account the fees payable on taking out a loan (which may represent a substantial additional cost for the customer and in the case of "Express" Loans have increased recently). The new Banking Law amendments will require the Bank to disclose the effective rate and the true cost of the loan in the loan documentation. If customers are deterred from taking out loans by the enhanced disclosure in the Bank's advertisements on the interest rate charged, this may constrain the growth of the Bank's retail loan portfolio, which would have a material adverse effect on its business, results of operations and financial condition.

The Bank's measures to prevent money laundering may not be completely effective and if the Bank is inadvertently involved in or associated with money laundering by others, it may suffer financial loss and its reputation could be harmed.

The existence of an informal economy in Kazakhstan, which was recently estimated at as much as 35 per cent. of GDP, as well as loopholes in anti-money laundering legislation and lack of administrative guidance on its interpretation increase the risk of Kazakhstan's financial institutions being used as vehicles for money laundering. The Bank has implemented measures aimed at preventing it being used as a vehicle for money laundering. However, there can be no assurance that attempts to launder money at the Bank (or through its partners) will not be made or that its anti-money laundering measures will be completely effective. If the Bank were associated with money laundering, albeit only through the failure of its anti-money laundering measures, or if it were unable to comply with all of the relevant laws or its internal policies regarding money laundering, it could be subject to significant fines as well as harm to its reputation, which could in turn have a material adverse effect on its business, results of operations and financial condition.

Reform of the International Capital Adequacy Framework may adversely affect the Bank's business by subjecting the Bank to more stringent capital requirements, which may constrain its growth.

In 2001, the Basel Committee issued a proposal for a new capital adequacy framework to replace the Capital Accord issued in 1988. With regard to the risk weightings to be applied to exposures to sovereign states, the Basel Committee proposes replacing the existing approach with a system that would use both external and internal credit assessments for determining risk weightings. It is intended that such an approach will apply, either directly or indirectly and to varying degrees, to the risk weighting of exposures to banks, securities firms and corporates. If adopted, the new framework could subject banks in Kazakhstan to more stringent capital requirements. In addition, financial institutions lending to banks in Kazakhstan could become subject to higher capital requirements based on the credit rating of Kazakhstan, which could result in a higher cost of borrowing and could therefore materially adversely affect the Bank's business, results of operations and financial condition.

Anti-monopoly legislation has recently been enacted in Kazakhstan and its impact on the Bank is uncertain.

In July 2006, the Kazakhstan Parliament adopted Law No. 173 On Competition and Limitation of Monopoly Activity, which replaced the previous anti-monopoly law. The new law extends the definition of dominant (monopoly) position to include up to three entities, even if they are separate and unrelated, if such entities (i) have the largest market share and (ii) the sum of their market share is 50 per cent. or more of the entire market. Depending on the manner in which product areas are determined under the new law, in some product areas (such as retail loans), the Bank and its two main competitors may account for more than 50 per cent. of the banking market in Kazakhstan. An entity deemed to have a dominant position may become subject to anti-monopoly review by the Kazakhstan Anti-Monopoly Body and, if it is found to be abusing its dominant position, it may be subject to regulation of prices for its products and other types of restrictions and sanctions. The recent anti-monopoly legislation is new and untested in practice and no guidelines have yet been adopted on how the legislation would be implemented and whether it will be applicable to banks. It is anticipated that the FMSA would perform the functions of the Kazakhstan Anti-Monopoly Body with respect to financial organisations, including banks; however, the FMSA has not yet issued any guidelines in this respect. Accordingly, it is uncertain how this legislation will be implemented (in particular as to how relevant market share is defined) and what impact this legislation may have on the Bank. Therefore, it is possible that this legislation could have a material adverse effect on the Bank's business, financial condition and results of operations.

Risk Factors Relating to Kazakhstan

Investors in emerging markets such as Kazakhstan should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging economies such as Kazakhstan's are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisers before making an investment in the GDRs.

Most of the Bank's operations are conducted, and substantially all of its customers are located, in Kazakhstan. Accordingly, the Bank's ability to recover on its loans, its financial position and results of operations are substantially dependent on the legal, economic and political conditions prevailing in Kazakhstan.

Political or economic instability in Kazakhstan or in Central Asia generally could have an adverse effect on the Bank's business and results of operations.

Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan has experienced significant change as it emerged from a single-party political system and a centrally controlled command economy to a market-oriented economic model. The transition was initially marked by political uncertainty and tension, an economic recession marked by high inflation and instability of the local currency and rapid, but incomplete, changes in the legal environment.

Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free market economy through privatisation of state enterprises and deregulation and is more advanced in this respect than most other countries of the CIS. However, as with any transition economy, there can be no assurance that such reforms and other reforms described elsewhere in this Prospectus will not be scaled back or diluted or that such reforms will achieve all or any of their intended aims.

As a land-locked country, Kazakhstan depends on neighbouring states for access to world markets for a number of its major exports, including oil, steel, copper, ferro-alloys, iron ore, alumina, coal, lead, zinc and wheat. Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export. In addition to taking various steps to promote regional economic integration among neighbouring countries, Kazakhstan signed an agreement in September 2003 with Ukraine, Russia, and Belarus for the creation of a single economic zone, which is expected to result in common economic policies, harmonisation of legislation implementing such policies and the creation of a single commission on trade and tariffs. The aim of the single economic zone is to create a free customs area within which member countries would enjoy free movement of goods, services, capital and labour. The member countries also intend to harmonise their fiscal, credit and currency policies to support further economic integration with the CIS countries and to assure continued access to export routes. However, should access to these routes be materially impaired, the economy of Kazakhstan could be adversely affected.

Like other countries in Central Asia, Kazakhstan could be affected by continuing political unrest in the region and the effect any resulting military action may have on the world economy and political stability of other countries. Also, in common with other countries in Central Asia, Kazakhstan could be affected by terrorism, military or other action taken against sponsors of terrorism in the region. Any political or economic instability in Kazakhstan or in Central Asia generally could have a material adverse effect on the Bank's business, results of operations or financial condition.

Adverse developments in Kazakhstan's economy or fluctuations in value of the Tenge could adversely affect the Bank's business.

Since Kazakhstan is heavily dependent upon export trade and commodity prices, it was particularly affected by the Asian financial crisis in early 1998 and by the Russian crisis later that year, both of which exacerbated the problems associated with falling commodity prices. Because Kazakhstan is negatively affected by low commodity prices and economic instability elsewhere in the world, the Government has promoted economic reform, inward foreign investment and the diversification of the economy. The Government established the National Fund of Kazakhstan in 2000 for the purpose of supporting the financial markets and the Kazakhstan economy in the event of any sustained drop in oil revenues. Notwithstanding these efforts, however, low commodity prices and weak demand in its export markets may adversely affect Kazakhstan's economy in the future.

The Government began implementing market-based economic reforms following independence, including the implementation of a significant privatisation programme, the promotion of high levels of foreign direct investment (particularly in the oil and gas sector) and the introduction of an extensive legal framework. Despite uneven progress in this regard, Kazakhstan has experienced extensive economic transformation over the last 12 years. Since mid-1994, the Government has adhered to a macroeconomic stabilisation programme aimed at curtailing inflation, reducing the fiscal deficit and boosting international currency reserves. Whilst GDP has continued to grow in real terms following the adoption of a floating exchange rate policy in April 1999, increasing by 13.5 per cent. in 2001, 9.8 per cent. in 2002, 9.2 per cent. in 2003, 9.6 per cent. in 2004, 9.5 per cent. in 2005 and 10.6 per cent. in 2006, there can be no assurance that GDP will continue to grow as rapidly as it has in the past, or at all, and any fall in GDP growth could adversely affect Kazakhstan's development.

The Tenge is convertible for current account transactions, although it is not fully convertible outside Kazakhstan. Depressed export markets in 1998 and early 1999 caused considerable pressure on Kazakhstan's managed exchange rate and resulting official intervention in the foreign exchange markets led to depletion of its foreign currency reserves. In response to these pressures, the NBK instituted a number of expenditure cuts, implemented revenue increasing measures and in April 1999 allowed the Tenge to float freely. See "*Exchange Rates and Exchange Controls — Exchange Rates*". While the NBK has stated that it has no plans to resume a managed exchange rate policy, there can be no assurance that the NBK's exchange rate policy will not change and any subsequent decision to support the exchange rate could have an adverse impact on Kazakhstan's public finances and economy.

Kazakhstan's president, Nursultan Nazarbaev, has been in office since 1991 and if he were to lose power, Kazakhstan could become unstable, which could have a material adverse effect on the Bank's business, results of operations and financial condition.

Kazakhstan's president, Nursultan Nazarbaev, has been in office since Kazakhstan became an independent sovereign state in 1991. Under President Nazarbaev's leadership, the foundations of a market economy have taken hold, including privatisation of state assets, liberalisation of capital controls, tax reforms and pension system development. President Nazarbaev was re-elected for his most recent term of office in December 2005. In May 2007, Kazakhstan's Parliament voted to amend Kazakhstan's constitution to allow Nazarbaev to run in an unlimited number of elections. While this amendment will allow Nazarbaev to seek re-election at the end of his current term, it will not guarantee that he will remain in office. Should he fall from power before the end of his current term or should a new president be elected in the next election, Kazakhstan's political situation and economy could become unstable and the investment climate in Kazakhstan could deteriorate, which would have a material adverse effect on the Bank's business, results of operations and financial condition. Conversely, although Nazarbaev's remaining in office may contribute to stability in Kazakhstan, the constitutional amendment in May 2007 has raised some concerns regarding democratic reforms. Additionally, a lack of confidence in the democratic nature of Kazakhstan's government could threaten economic stability, which in turn could have a material adverse effect on the Bank's business, results of operations and financial condition.

The failure of Kazakhstan's government to enact further market-based economic reforms could impede economic progress, which would adversely affect the Bank's business.

The need for substantial investment in many enterprises has driven the Government's privatisation programme. The programme has excluded certain enterprises deemed strategically significant by the Government, although major privatisations in key sectors have taken place, such as full or partial sales of certain large oil and gas producers, mining companies and the national telecommunications company. However, there remains a need for substantial investment in many sectors of the economy and there are areas in which economic performance in the private sector is still constrained by an inadequate business infrastructure. Further, the amount of non-cash transactions in the economy and the size of the shadow economy adversely affect the implementation of reforms and restrict the efficient collection of taxes. The Government has stated that it intends to address these problems by improving bankruptcy procedures, the business infrastructure and tax administration and by continuing the privatisation process. Implementation of these measures, however, may not happen in the short term and any positive results of such actions may not materialise until the medium term, if at all.

Kazakhstan's legislative and regulatory framework is underdeveloped and subject to arbitrary interpretation.

Although a large volume of legislation has come into force in Kazakhstan since early 1995, including a new tax code in January 2002, laws relating to foreign investments, additional regulation of the banking sector and other legislation covering such matters as securities exchanges, economic partnerships and companies, state enterprise reform and privatisation, the legal framework in Kazakhstan (although one of the most developed among the CIS countries) is at a relatively early stage of development compared to countries with established market economies. The fact that many of these laws were enacted recently means that there are fewer or no precedents to guide how a regulator or court may apply such laws. The judicial system in Kazakhstan may not be fully independent of social, economic and political forces and court decisions can, as a result, be difficult to predict. In addition, senior Government officials may not be fully independent of outside economic and political forces owing to the underdeveloped regulatory supervision system. Further, personal influence may lead to improper judicial and government interference, or inaction, with respect to commercial dealings and improper dealings by certain individuals with government influence. Such lack of independence and the possibility of personal influence relating to Kazakhstan's legal system and its legislation contributes to an uncertain environment for investment and business activity.

Moreover, due to the presence of numerous ambiguities in Kazakhstan's commercial legislation, in particular its tax legislation, the tax authorities may make arbitrary assessments of tax liabilities and challenge previous tax assessments, thereby rendering it difficult for companies to ascertain whether they are liable for additional taxes, penalties and interest. As a result of these ambiguities, as well as a lack of any established system of precedent or coherence in legal interpretation, the tax risks involved in doing business in Kazakhstan are substantially more significant than those in jurisdictions with a more developed tax system.

The Government has stated that it believes in continued reform of corporate governance processes and will ensure discipline and transparency in the corporate sector to promote growth and stability. However, the Government may not continue such policy in the future or such policy, if continued, may not ultimately prove to be successful. Therefore, it is not possible to predict the effect of future legislative developments on the Bank's business and prospects. It is also expected that the tax legislation in Kazakhstan will become more sophisticated and that there may be additional revenue raising measures which may result in additional taxes becoming payable by the Bank. Additional tax exposure could have a material adverse effect on the Bank's business and financial condition and on the results of its operations as well as those of its customers.

Kazakhstan has less developed banking regulations than the United States and Western Europe.

The laws and regulations in Kazakhstan governing the banking industry are relatively new and may change and develop rapidly and unexpectedly. In September 1995, the NBK introduced strict rules and prudential requirements for the operations and the capital adequacy of banks. In addition, the NBK adopted an institutional development plan for leading Kazakhstan banks, including the Bank. According to the plan, banks are required to prepare their accounts in accordance with IFRS and to start to apply the principles of the Basel Accord within a period determined by the NBK on a case-by-case basis. Banks are also required to join a bank-funded deposit insurance scheme and be audited annually by a qualified accounting firm. Following legislative changes in July 2003, the FMSA was formed and as from 1 January 2004 took responsibility for most of the supervisory and regulatory functions in the financial sector which had previously been performed by the NBK. The FMSA's main task is to regulate and supervise the financial markets and financial institutions. See "*The Banking Sector in Kazakhstan*". The Bank faces the risk of changes in legislation and regulation that may affect its ability to provide its services or to compete effectively, thereby having an adverse effect on its business, results of its operations and financial condition. In addition, the Government of Kazakhstan may implement additional regulations or policies, including with respect to taxation, interest rates, inflation and exchange controls, or may otherwise take action that could have a material adverse effect on the Bank's business, results of operations and financial condition.

Notwithstanding current regulatory standards in Kazakhstan, which are high relative to those of other CIS countries, prospective investors should understand that regulatory standards applicable to banks in Kazakhstan and the oversight and enforcement thereof by the regulators may differ from those applicable to banking operations in countries with more highly developed regulatory regimes. As a result, investors may not have the benefit of all the protections available in such other countries.

The recently introduced Kazakhstan Corporate Management Code has not yet proven effective at ensuring strong corporate governance practices in Kazakhstan and the Bank may not comply with certain corporate governance requirements under Kazakhstan law.

In 2001, Kazakhstan introduced the Kazakhstan Corporate Management Code, which became binding for companies listed on the KASE in 2003. Although the Kazakhstan Corporate Management Code requires one-third of directors to be independent, the Bank only recently appointed a second independent director to comply with this requirement. The Kazakhstan legal system continues to suffer from a lack of effectiveness and fails to provide adequate support for strong corporate governance practices. In addition, as a joint stock company incorporated in Kazakhstan, the Bank is not required to comply with the UK Combined Code on Corporate Governance or similar standards of other European Union member states or the United States and, for example, the Board of Directors has not yet established terms of reference for a nominations committee or a remuneration committee.

The Kazakhstan economy is highly dependent on oil exports and the Bank may therefore be affected by oil price volatility.

Kazakhstan's economy and state budget rely in part on the export of oil and oil products and other commodities, the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by volatility in oil and other commodity prices and by any sustained fall in them or by the frustration or delay of any infrastructure projects caused by political or economic instability in countries engaged in such projects. In addition, any fluctuations in the value of the U.S. Dollar relative to other currencies may cause volatility on earnings from U.S. Dollar-denominated oil exports. An oversupply of oil or other commodities in world markets or a general downturn in the economies of any significant markets for oil or other commodities or continued weakening of the U.S. Dollar relative to other currencies might have a material adverse effect on the Kazakhstan economy, which would, in turn, have an adverse effect on the business, financial condition and results of operations of the Bank.

Financial instability in any emerging market could cause the price of the Bank's Shares and the GDRs to suffer.

Financial instability in any emerging market country tends to adversely affect prices in stock markets and prices for securities of some or all other emerging market countries as investors move their money to more developed markets that they perceive to be more stable. As has happened in the past, financial problems or the perception of increased risks associated with investing in emerging economies could dampen foreign investment in Kazakhstan and adversely affect the Kazakhstan economy. In addition, during such times, emerging market companies can face severe liquidity constraints if foreign funding sources are withdrawn. Thus, even if the fundamentals of the Kazakhstan economy remain relatively sound, financial instability in any other emerging market country could materially and adversely affect the Bank's business, results of operations and financial condition.

Kazakhstan has a less developed securities market than the United States and Western Europe.

Given that an organised securities market was established in Kazakhstan only in the late 1990s, the procedures for settlement, clearing and registration of securities transactions may be subject to legal uncertainties, technical difficulties and delays. Although significant developments have occurred in recent years, the sophisticated legal and regulatory frameworks necessary for the efficient functioning of modern capital markets have yet to be fully developed in Kazakhstan. In particular, legal protections against market manipulation and insider trading are less well developed in Kazakhstan, and less strictly enforced, than in the United States and Western European countries and existing laws and regulations may be applied inconsistently with consequent irregularities in enforcement. In addition, less information relating to Kazakhstan entities, such as the Bank, may be publicly available to investors in securities issued or guaranteed by such entities than is available to investors in entities organised in the United States or Western European countries.

In addition, there may be no liquidity with respect to the Shares. The trading market for shares in Kazakhstan, the KASE, is currently relatively small in terms of the number of issuers listed, the market capitalisation of such issuers and the number of participants in the market, which could lead to the illiquidity of the securities, including the Shares, on the KASE. If there is a trading interruption on the KASE, this could have a negative effect on the price of the Shares and, as a result, the price of the GDRs.

Any adverse change in the credit rating of either the Bank or the Republic of Kazakhstan could negatively affect the trading price of the GDRs.

Kazakhstan's sovereign eurobonds are rated "Baa3" by Moody's and "BBB-" by Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. The Bank has received a long-term rating of "Ba2" from Moody's and "BB-" from Fitch. Any adverse change in the credit rating of either the Bank or the Republic of Kazakhstan could negatively affect the trading price of the GDRs.

Risk Factors Relating to the Shares and the GDRs

There are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and the ownership of the Shares.

Ownership of the Shares is subject to certain legislative restrictions under Kazakhstan law. Specifically, (a) legal entities registered in certain specified off-shore jurisdictions such as Andorra, Liechtenstein, Liberia, Monaco and the Marshall Islands or which have affiliates registered in such jurisdictions (except for international banks having a credit rating of "A" or above from certain rating agencies) and (b) natural persons who are participants or shareholders in such legal entities may not directly or indirectly own Shares. Accordingly, holders of GDRs falling under (a) or (b) above are not entitled to vote through the Depositary at meetings of shareholders, cannot exchange GDRs into Shares and cannot own, hold or dispose of the Shares. Although the Bank has been advised that such restrictions should not prevent a GDR holder registered in any such jurisdiction (or which has an affiliate registered in such jurisdiction) from exercising or benefiting from other rights (including the right to receive dividends and to have the Depositary exercise pre-emptive rights on their behalf such that holders can receive additional GDRs) there is no guarantee that the FMSA or any other relevant authority such as a Kazakhstan court will not take a different view, thereby restricting all such GDR holders from exercising or benefiting from such shareholder rights. Moreover, there can be no assurance that the FMSA or any other relevant authority would not interpret the foregoing legislation as restricting such entities or persons from owning GDRs. See "*Description of Share Capital and Certain Requirements of Kazakhstan Legislation — Disclosure of Beneficial Ownership*".

If no trading market develops for the GDRs, investors may experience difficulties in selling the GDRs.

The Global Offer is the first offering of the GDRs on a public market. There is no assurance that any active trading market for the GDRs will develop or, if developed, can be sustained after the Global Offer or that the Offer Price will correspond to the price at which the GDRs will trade on the LSE subsequent to the Global Offer. The liquidity of any market for the GDRs will depend on the number of holders of GDRs, the interest of securities dealers in marking a market in the GDRs, trading of the Shares on the KASE and certain other factors. If there is an illiquid market for the GDRs, GDR holders may experience difficulties selling the GDRs at a profit or at all.

Shares and GDRs may be subject to market price volatility and the market price of the Shares and the GDRs may decline disproportionately in response to adverse developments that are unrelated to the Bank's operating performance.

Publicly traded securities from time to time experience significant price and volume fluctuations that may not be related to the operating performance of the companies that issued them. Factors including oil and gas prices, developments in the construction sector, increased competition, fluctuations in the Bank's operating results, the regulatory environment, availability of reserves, general market conditions, natural disasters and war may have an adverse effect on the market price of the Shares and the GDRs.

Sales, or the real or perceived possibility of sales, of a significant number of the Bank's shares in the public market could adversely affect prevailing market prices for the Shares and the GDRs.

Sales, or the real or perceived possibility of sales, of a significant number of the Bank's shares in the public market could adversely affect prevailing market prices for the Shares and the GDRs. Following the Global Offer, SAFC will hold approximately 52.5 per cent. of the Bank's shares (assuming the allotment in full of the Over-Allotment GDRs and the Over-Allotment Put Option is not exercised) and may sell the shares it owns at any time after the expiration of the 12-month lock-up period from completion of the Global Offer. Moreover, most of the remaining shares of the Bank are subject to option agreements pursuant to which Mr. Seissembayev has the right for terms of up to 30 months to acquire the shares held by such shareholders, who have also executed agreements with Mr. Seissembayev not to sell their shares while such options are outstanding. See *"Principal Shareholders"*. The availability of the shares that are eligible for public sale could adversely affect the price of the Shares and the GDRs.

The Preference Shares are convertible at the option of the shareholders of the Bank in a general meeting into common shares and if the shareholders elect to convert them, holders of the Shares and the GDRs would face dilution of their interest in the Bank.

At the date of this Prospectus, the Bank had 400,000 issued and outstanding Preference Shares. The Preference Shares are not convertible at the option of the individual holder of the Preference Shares; rather, the holders of the Bank's common and preference shares can decide at a general meeting to convert the Preference Shares into common shares. If the shareholders elect to convert the Preference Shares at a general meeting, holders of the Shares and the GDRs would, upon the conversion of the Preference Shares, experience immediate dilution of their shareholdings in the Bank.

Shareholders wishing to deposit shares into the depositary facility and convert them into GDRs will require FMSA consent before making such deposit.

Any shareholder wishing to deposit shares into the depositary facility and convert them into GDRs (including holders of GDRs who have converted their GDRs into shares and wish to convert such shares back into GDRs) will require the consent of the FMSA for such deposit. There is no minimum shareholding threshold and minority shareholders will therefore also require the FMSA's consent in order to be able to deposit shares into the depositary facility and receive GDRs. Although the FMSA does not have formal grounds to refuse such consent if application is made in a proper form, there is no guarantee that the FMSA consent will be granted or granted in a timely manner and without cost to the shareholder. Moreover, the limitation on the convertibility of shares into GDRs or the difficulties associated with it may create a pricing differential between the Shares and the GDRs. In particular, former holders of GDRs who have converted their GDRs into shares may see the value of their investment decline compared to the value it would have retained had the shares been kept in GDR form.

U.S. and some other non-Kazakhstan holders of the Bank's Shares or GDRs may not be allowed to exercise pre-emptive rights.

Under Kazakhstan law, subject to certain exceptions, prior to the issue of any new shares for cash, the Bank is required to offer all holders of existing shares pre-emptive rights to subscribe for and purchase the number of shares in the new issue so as to maintain the relevant shareholder's existing ownership interest in the Bank. U.S. holders of shares or GDRs may not be able to receive or trade new shares or otherwise exercise pre-emptive rights in respect of the new shares unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements of the U.S. Securities Act is available. The Bank does not currently plan to register the Shares, GDRs or any future rights under U.S. securities laws. If U.S. holders of the Shares or GDRs are not able to receive, trade or exercise pre-emptive rights granted in respect of their Shares or GDRs in any rights offering by the Bank, then they may not receive the economic benefit of those rights. In addition, their proportional ownership interests in the Bank may be diluted where other shareholders of the Bank exercise their respective rights and purchase the shares or the GDRs. Similar restrictions may apply to shareholders or GDR holders in other countries.

GDR holders may be subject to taxation in Kazakhstan.

Since Kazakhstan domestic tax law does not recognise the concept of constructive or beneficial ownership, income earned by GDR holders, including income received on disposals of GDRs and premiums received by GDR holders (associated with dividends announced with respect to Shares represented by such GDRs), appears to be outside the scope of Kazakhstan income tax. There is some risk, however, that the tax authorities may take into account economic similarities between GDR holders and holders of Shares and attempt to subject GDR holders to tax as constructive owners of Shares. See "*Taxation — The Republic of Kazakhstan*".

As the Shares are quoted in Tenge in Kazakhstan, investors may be subject to potential losses arising out of exchange rate risk on the Kazakhstan Tenge and risks associated with the conversion of Tenge proceeds into foreign currency.

Investors who purchase GDRs in the Global Offer are required to pay for the GDRs in U.S. Dollars. Investors are subject to currency fluctuation risk and currency exchange risk since the Shares are quoted in Tenge on the KASE. Dividends on the Shares will be payable in Tenge, and then converted into U.S. Dollars for distribution to GDR holders. Any depreciation in the Tenge may result in a decreased value of the Shares or a decreased value of dividend payments in respect of the Shares and GDRs. There can be no assurance that such depreciation will not occur in the future.

There are restrictions on the number of Shares for which GDRs may be exchanged.

Pursuant to Kazakhstan banking laws, no shareholder may own 10 per cent. or more of the Bank's outstanding shares without the prior consent of the FMSA. As such, no GDR holder will be able to exchange GDRs for shares in the Bank if such exchange would result in such holder owning 10 per cent. or more of the Bank's shares unless such holder has obtained the prior approval of the FMSA. Pursuant to the Deposit Agreement and the terms and conditions of the GDRs, the Depositary will restrict the exchange of GDRs for shares where the Bank notifies the Depositary that such exchange would result in ownership by the relevant GDR holder of shares in the Bank exceeding the 10 per cent. limit or would otherwise violate applicable laws. In addition, the Bank's share registrar will not record a transfer of shares if the holding of such shares by the holder would violate Kazakhstan laws or regulations. Holders who beneficially own more than 10 per cent. of the Bank's outstanding shares must obtain consent from the FMSA for such ownership interest and notify the FMSA of any changes therein.

CAPITALISATION

The following table sets out the consolidated capitalisation of the Bank as at 31 March 2007. This information should be read in conjunction with "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Selected Statistical and Other Information*" and the Financial Statements, and related notes thereto included elsewhere in this Prospectus.

	As at 31 March 2007[(1)]	
	(U.S.$ millions)[(2)]	*(KZT millions)*
Short-term debt (maturing within one year)	3,343	413,968
Senior long-term liabilities[(3)]	4,559	564,529
Subordinated long-term liabilities[(4)]	248	30,738
Total liabilities[(5)]	8,150	1,009,235
Share capital[(6)]	599	74,247
Additional paid-in capital	10	1,222
Retained earnings and reserves[(7)]	219	27,106
Total equity	828	102,575
Total equity and liabilities	**8,978**	**1,111,810**

Notes:

(1) In April and May of 2007, the Bank issued 2,213,278 common shares to its shareholders, bringing its share capital to KZT 96,375 million (U.S.$778 million), its total equity to KZT 124,708 million (U.S.$1,007 million) and its total equity and liabilities to KZT 1,133,943 million (U.S.$9,157 million). These figures have been translated at the U.S. Dollar exchange rate as at 31 March 2007, as reported by the NBK, of KZT 123.84 = U.S.$1.00.

(2) Translated at the U.S. Dollar exchange rate as at 31 March 2007, as reported by the NBK, of KZT 123.84 = U.S.$1.00.

(3) Senior long-term liabilities represent liabilities that fall due after one year and are not subordinated.

(4) Subordinated long-term liabilities represent subordinated debt that falls due after one year and consist principally of U.S. Dollar and Tenge-denominated subordinated notes issued by the Bank and the Preference Shares.

(5) Since 31 March 2007, the Bank has incurred additional indebtedness, including both bank financing and issuances of bonds in the international capital markets, as described in *"Selected Statistical and Other Information—Funding"*.

(6) Share capital less shares held in treasury.

(7) Includes retained earnings of KZT 24,802 million and property revaluation reserve of KZT 2,228 million and available-for-sale revaluation reserve of KZT 76 million.

As at the date of Admission, 9,637,500 common shares have been issued and fully paid and 400,000 Preference Shares have been issued and fully paid.

USE OF PROCEEDS

The gross proceeds to the Selling Shareholder from the Global Offer are expected to be U.S.$703,962,000 (assuming the Over-Allotment Put Option is exercised in full). The Bank will not receive any proceeds from the Global Offer. In connection with the Global Offer, the Selling Shareholder expects to pay underwriting commissions, as well as certain fees and expenses totalling approximately U.S.$20 million.

DIVIDEND POLICY

The Bank has not paid any dividends on its common shares in the last three fiscal years. The Bank does not expect to declare or pay dividends on its common shares in the medium term. There is no guarantee that any future dividends will be declared or paid. Holders of the GDRs will be entitled to receive dividends paid on shares represented by such GDRs in accordance with the terms of the Deposit Agreement. Cash dividends on the Shares will be paid to the Depositary in Tenge and, except as otherwise described under the Deposit Agreement, will be converted by the Depositary into U.S. Dollars and distributed, net of the Depositary's fees, taxes, if any, and expenses to the holders of such GDRs.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Bank's shares will, under the JSC Law, be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings. A liquidator may divide among the shareholders *in specie* the whole or any part of the assets of the Bank.

THE BANK

Overview

Alliance Bank is a leading bank in Kazakhstan with particular strength in the retail and SME sectors. It is the largest retail lender in Kazakhstan, with KZT 314,168 million in retail loans (classified as "loans to individuals" in the Bank's financial statements) as at 31 March 2007, which represents a 20 per cent. share of the retail loan market (source: NBK, market share based on KAS). The Bank's primary focus within the retail market is on high margin consumer lending products, including in particular "Express" Loans, an unsecured loan product which the Bank believes provides it with a leading market position. As at 31 March 2007, the Bank had approximately 1.6 million individual retail customers and an extensive customer database based on over 4.5 million loan applications. The Bank's strong performance in the retail market during the past few years has helped it to generate strong profitability and improve its overall position in Kazakhstan's banking sector. As a result, the Bank is the third largest bank in Kazakhstan both in terms of total assets and in terms of total loans, as at 31 March 2007 (source: NBK).

Through its focus on retail lending, the Bank has grown from being the tenth largest lender in Kazakhstan's retail market, with KZT 9,010 million in retail loans as at 31 December 2004, to the largest such lender as at 31 March 2007, with KZT 314,168 million in retail loans. As a consequence of this rapid growth, the retail proportion of the Bank's loan portfolio increased over the same period from 15 per cent. to 45 per cent.

The Bank has also built on its traditional strength in the SME market, which offers higher margins compared to the large corporate sector. As at 31 March 2007, the Bank had KZT 187,515 million in SME loans (based on KAS), which Management estimates is one of the leading shares of the SME market. As in the retail market, the Bank believes that it distinguishes itself in SME lending by employing technology to allow credit risk to be assessed and loans to be processed quickly.

The Bank possesses several key competitive advantages which have supported its rapid growth and which the Bank believes will aid it in sustaining further growth in its loan portfolio and maintaining strong profitability. The Bank has developed the broadest distribution network of any bank in Kazakhstan by expanding its own branch network while also originating a portion of its loan portfolio through a network of outlets within Kazpost (the Kazakhstan national postal service) branches, credit brokers and retail partners. The Bank's innovative distribution strategy is supported by a fully integrated information technology system which enables it to grant loans quickly. The Bank has also developed a proprietary credit scoring model which automatically accesses data from the State Pension Payment Centre, thus allowing it to assess potential customers' credit risk in as little as 30 minutes.

Throughout its development, the Bank has benefited from the support of its principal shareholder, SAFC, including through the introduction of a new management team and the continued recruitment of highly qualified professionals. Since first acquiring a stake in the Bank in 2001, SAFC has aided the Bank in developing and implementing its retail strategy. SAFC has established a number of credit brokers which the Bank utilises in its distribution strategy, as well as an insurance company, through which the Bank insures its "Express" Loan portfolio, and collection agents, to which the Bank outsources its collection activities. The Bank expects to continue to benefit from its relationship with SAFC.

History

The Bank was incorporated on 14 May 1993 as an open joint stock company under the name IrtyshBusinessBank OJSC. Headquartered in Pavlodar, the Bank became one of the first banks in Kazakhstan to operate branches in more than one region. On 13 July 1999, IrtyshBusinessBank OJSC merged with Semipalatinsk City Bank, another regional bank which was based in Eastern Kazakhstan. The combined bank primarily served large industrial enterprises in the Eastern Kazakhstan and Pavlodar regions.

In October 2001, a consortium of domestic companies led by SAFC acquired a 64 per cent. interest in the Bank. Following the completion of this transaction, the Bank hired a new management team and developed and began to implement a new growth strategy. In March 2002, the Bank changed its name to OJSC Alliance Bank and relocated its headquarters to Almaty. The Bank also opened new branches in Astana, Almaty and Petropavlosk, adding to its existing branches in Ust-Kamenogorsk, Semipalatinsk, Pavlodar and Ekibastuz. On 13 March 2004, the Bank changed its name to JSC Alliance Bank and re-registered with the Ministry of Justice, following changes to the JSC Law on 13 May 2003. The head office of the Bank is located at 32 Kunayev Street Almaty 050000, Republic of Kazakhstan and its telephone number is +7 (327) 258 40 40. The Bank has two wholly owned financing subsidiaries, ALB Finance B.V., which is incorporated in the Netherlands, and OOO Alliance Finance, which is incorporated in Russia.

After 2003, the Bank began to transform its distribution model, concluding an agreement with Kazpost, the state-owned postal company, pursuant to which the Bank commenced offering its products through Kazpost outlets. Based on the success of the Kazpost arrangement, the Bank began in 2006 to offer its products through credit brokers, such as Alliance Retail, Alliance Finance, Dom Kreditov and Dynasty Network, and certain retail partners. The Bank has also expanded its branch network, from nine branches and 25 mini-branches as at 31 December 2004 to 24 branches and 185 mini-branches as at 31 March 2007. In addition to the expansion of its distribution network, the Bank introduced several new loan products, including "Express" Loans, which the Bank began offering on a large scale in 2005. Since 2005, the Bank has expanded its funding base and raised its profile through several issuances in the international capital markets, which it considers prudent given the increase in size of the Bank's balance sheet.

Strengths

The Bank believes that its key strengths are its:

- early mover advantage in Kazakhstan's fast-growing retail banking market;
- portfolio of high margin consumer finance products;
- large and fast-growing retail client base with high cross-selling potential;
- leading position in the profitable SME banking sector;
- advanced risk management systems;
- low level of concentration in its loan portfolio;
- wide and innovative distribution network, including channels developed through partnerships;
- technological leadership, including a fully integrated information technology platform;
- business model with potential for sustainable high level of profitability; and
- entrepreneurial management team supported by a strong shareholder committed to the Bank's growth strategy.

Early mover advantage in Kazakhstan's fast-growing retail banking market

Having identified the potential of the consumer finance market, the Bank has developed a scalable model based on diversified distribution channels and integrated information technology. The Bank is now in a position to benefit from its investments in technology and in its distribution network. Through its early focus on the retail sector, the Bank has also gained valuable experience in assessing the credit risk of retail customers. It has developed a proprietary automated scoring system which it continues to refine and update. The Bank also believes that it has the most comprehensive knowledge of retail customer borrowing behaviour of any bank in Kazakhstan, having compiled a customer database based on over 4.5 million loan applications which allows it to anticipate demand and to design and price products and services which will appeal to those customers. The Bank believes that its early focus on the retail sector enables it to control effectively the risks of the growth in its loan portfolio.

Portfolio of high margin consumer finance products

The Bank has chosen to focus on the retail market in Kazakhstan, which offers higher margins than the corporate market. In particular, the Bank's "Express" Loan product yields an average effective interest rate (before provisions) of 39 per cent. Within retail, the Bank enjoys a 20 per cent. market share in retail lending and has distinguished itself from its competitors by focusing on high margin unsecured loans in addition to other types of secured loans. The Bank introduced its unsecured "Express" Loan product in 2005 and as at 31 March 2007, "Express" Loans represented 61 per cent. of its retail loan portfolio (based on loans under KAS). By contrast, mortgages, which have relatively lower margins, comprised 13.4 per cent. of the Bank's retail loan portfolio as at 31 March 2007, which is relatively low compared to its competitors.

Large and fast-growing retail client base with high cross-selling potential

Through its early targeting of the retail market in Kazakhstan, the Bank has created a large retail client base, with approximately 1.6 million individual retail customers as at 31 March 2007. The Bank believes that its large retail client base represents a competitive advantage as it plans to cross-sell new products to its existing customers. As a result of its distribution strategy, the Bank has also been able to reach customers in rural areas (which are frequently not well served by banks) and thus has achieved a wide geographical spread, which allows it to offer services to customers to which its competitors may have difficulty gaining access. The Bank also believes that it has a strong brand recognition that allows it to take advantage of opportunities to further expand its retail client base, in particular in segments of Kazakhstan's population which are under-penetrated in terms of banking services.

Leading position in the profitable SME banking sector

The Bank also enjoys a leading position in Kazakhstan's growing SME banking sector. The SME segment is highly profitable and the Bank's lending margins in this segment have increased in recent periods, reflecting the Bank's historic strength in certain regions, including Eastern Kazakhstan and Pavlodar, and its increasing presence in the regions into which it has expanded more recently. In addition, the Bank has improved its margins by competing on factors other than pricing. In particular, it has distinguished itself by leveraging its technological expertise, which allows loans to be processed within two to seven days, as well as a range of products targeted at SME customers, including Business Impulse Loans, which have a simplified application process (see "*Business of the Bank — SME Banking — Business Impulse Loans*"). The Bank has also recently added specialised SME Lending Units in key areas in order to address the needs of its SME customers in a more targeted fashion. The Bank added four of these units during 2006 and plans to reach seven SME Lending Units during 2007. The Bank is continuing to develop and standardise its SME products in order to improve speed and efficiency of distribution.

Advanced risk management systems

The Bank has developed advanced integrated risk management systems, supported by its centralised information technology systems, which the Bank believes allow it to make rapid and accurate credit risk assessments of retail customers. The Bank has taken advantage of existing sources of data, such as that provided by the State Pension Payment Centre and held by Kazpost and Kaztelecom, as a basis for its own proprietary automated scoring system which is used to assess potential customers by reference to factors such as age, sex and employment status. The Bank is continuing to update and refine its scoring system by incorporating modules from third-party information sources, such as Experian Scorex (the international data solutions provider) which is assisting the Bank in the implementation of its scoring model. The Bank believes that its credit scoring model provides it with a significant competitive advantage in the retail segment.

In furtherance of its risk management policy, the Bank and senior management have also adopted a culture of focusing on risk-adjusted returns, and the Bank has in place incentive systems to reward managers of the Bank based on the risk performance of the portfolio managed by them. The Bank believes that this focus on risk-adjusted returns, together with what it believes is a conservative approach to collateralisation and the use of insurance to offset the risk of uncollateralised loans, gives it a significant competitive advantage, particularly in the high-growth retail and consumer finance segments.

Low level of concentration in loan portfolio

The Bank has a low level of concentration of its borrowers and depositors when compared with its competitors as well as a low average loan size (as at 31 March 2007 the Bank's average loan size was KZT 574,842). As at 31 March 2007, the Bank's ten largest borrowers accounted for 14 per cent. of its loan portfolio and its ten largest depositors accounted for 5 per cent. of total liabilities. In addition, within the corporate sector the Bank's focus on lending to SME clients, which tend to operate in the trade or wholesale sectors, means that it has less direct exposure than many of its competitors to more volatile sectors such as oil and gas and construction. Compared to its main competitors, the Bank also has a relatively low concentration in mortgages, which reduces its exposure to fluctuations in the real estate market. As at 31 March 2007, mortgages accounted for only 13.4 per cent. of the Bank's retail loan portfolio. Finally, the Bank's related party lending remains low, at 1 per cent. of its total gross loan portfolio as at 31 March 2007.

Wide and innovative distribution network, including channels developed through partnerships

The Bank has the widest distribution network of any bank in Kazakhstan, with over 6,000 points of sale, including its own branch and mini-branch network (comprising 24 branches and 185 mini-branches as at 31 March 2007), approximately 4,000 Kazpost outlets and the sale points of its broker and retail partners (which accounted for approximately 800 and 1,450 points of sale, respectively, as at 31 March 2007). It has developed a strategy innovative to Kazakhstan's retail market which entails originating loans through brokers that specialise in the distribution of financial products and to retail outlets offering on-site consumer financing. The Bank's distribution network has been one of the primary factors contributing to the rapid growth of its retail loan portfolio. In addition, the Bank's distribution network has allowed it to achieve a wide geographical spread as it has been able to gain access to customers in areas with low population density without incurring the cost of setting up branches in those areas. The Bank's relatively low fixed cost of originating loans through the sales outlets of its partners has contributed significantly to its profitability.

Technological leadership, including a fully integrated information technology platform

The Bank believes that it is one of only two banks in Kazakhstan that has a fully integrated centralised information technology system. It maintains its strength in information technology through continuous upgrades and refinement to its systems, which have provided the basis for the expansion of the Bank's distribution network. The Bank's information technology platform links the Bank's branches and other sales outlets to its head office and permits real time communications between them. This allows the Bank to use its automated credit scoring model to originate loans expediently through Kazpost outlets, credit brokers and retail partners without compromising the Bank's centrally established risk management standards. This scalable model enables the Bank to transact a high volume of business. This integrated information technology platform has enabled the Bank to develop its comprehensive customer database, which can be used to cross-sell retail products as its retail customers become increasingly affluent.

Business model with potential for sustainable high level of profitability

The Bank's focus on high margin loan products, including "Express" Loans, is enhanced by its relatively low cost structure, resulting in a business model with the potential for a high return on equity. As its loan portfolio gains scale, the Bank has begun to realise the cost savings of its distribution strategy. In addition, the Bank has introduced a policy of insuring its "Express" Loan portfolio and accordingly has reduced provisions to reflect the decreased risk. These developments have led to an improvement in the Bank's cost to income ratio, from 39.9 per cent. for the year ended 31 December 2005 to 24.9 per cent. for the year ended 31 December 2006, which has in turn contributed to an increase in its return on equity, from 7.3 per cent. to 25.9 per cent. over the same period. The Bank has also reduced its cost of funding in recent periods, including through the use of securitisations at attractive margins. See "*Selected Statistical and Other Information — Funding — International Bonds*".

Entrepreneurial management team supported by a strong shareholder committed to the Bank's growth strategy

The Bank has an entrepreneurial management team with considerable experience in Kazakhstan's banking sector. In particular, a number of senior members of the management team have significant experience in key areas, such as consumer finance lending. Management is supported by SAFC, the Bank's largest shareholder, which owns a 72.5 per cent. stake in the Bank. Since first acquiring a stake in the Bank in 2001, SAFC has successfully repositioned the Bank towards a focus on the retail segment. It has contributed substantial capital to the Bank to facilitate its expansion and development and has also leveraged its expertise in the financial services sector to set up a series of credit brokers, which have aided the Bank in expanding its retail distribution network. The partnering model that SAFC has helped to construct, involving close collaboration between the Bank and its affiliates, has allowed the Bank to concentrate on its core business and improve its cost structure thereby generating strong profitability while providing a framework for growth.

Strategy

Following three years of rapid expansion, the Bank intends to leverage its distribution network and information technology to continue to grow in the sectors in which it currently operates. The Bank believes that it has a critical mass that has enabled it to develop a platform for continuing rapid growth even in segments in which it historically has been less involved. It accordingly intends to increase its focus on consolidating its position in the retail and SME segments and enhancing profitability. The Bank intends to continue its traditional focus on the most profitable segments of the sectors in which it operates, such as SMEs in the corporate sector and high margin consumer finance in the retail sector.

The key elements of the Bank's strategy include:

- driving loan growth by continuing to focus on the retail and SME segments and leveraging the existing client base;
- capturing a high market share in payment cards;
- focusing on profitability;
- growing and diversifying distribution channels and continuing to enhance information technology; and
- improving the overall cost of funding.

Driving loan growth by continuing to focus on the retail and SME segments and leveraging the existing client base

The Bank believes that Kazakhstan's economy, which has been growing at a rate of over 9 per cent. per year in real terms since 2000, provides opportunities for continued expansion of its loan portfolio. Despite rapid banking sector growth in the past few years, Management believes that the sector remains underdeveloped and, especially in the retail segment, the growth potential remains substantial. While economic and sector growth is expected to benefit the Bank's competitors as well as the Bank, the Bank believes that its favourable business mix of retail and SME will allow it to grow its business more quickly than its competitors. Accordingly, the Bank intends to continue to focus on retail and SME lending. In the retail segment, it plans to leverage its strong brand and its geographically broad distribution network to attract new customers in Kazakhstan's expanding middle class as well as customers who reside in areas of low population density, markets which the Bank regards as under-penetrated. In addition, it plans to leverage its large retail customer base of approximately 1.6 million through an active cross-selling strategy. In particular, it plans to transform its relationships with its "Express" Loan customers into long-term relationships through the issuance of payment cards to those customers. The Bank also intends to develop new products targeted at both existing and new customers in the retail and SME sectors, including, for instance, retail car loans, which it intends to use to drive loan growth and, accordingly, increase profit.

Capturing a high market share in payment cards

The Bank intends to convert its high quality retail customers into payment card customers in order to enhance customer loyalty. Offering these customers a revolving credit product will deepen the Bank's relationships with them and help ensure that they remain customers of the Bank. Payment cards will also provide an added convenience to the Bank's customers, which it expects will lead to an increase in transaction volumes. In connection with its issuance of payment cards, the Bank plans to install 2,000 ATMs during 2007 (approximately 220 have already been installed and are operating as at 30 June 2007), which its customers will be able to use to make payments on their cards, top up their accounts and repay their loans. The Bank believes that payment cards can enhance its profitability as well as its customer relationships. The Bank expects that the issuance of payment cards will lead to an increase in fee and commission income and will enhance profitability, particularly as cards have high stated interest rates and involve lower processing costs.

Focusing on profitability

The Bank has established a scalable model which it believes can be expanded cost effectively. It is expanding its distribution network and information technology systems to support a higher volume of loans and deposits without the need for a substantial increase in its fixed costs. In addition, the Bank plans to reduce further the proportion of lower margin corporate loans in its loan portfolio by continuing to increase the share of retail and SME loans. Within retail and SME, the Bank plans to continue to focus on marketing existing and developing new high margin products. The Bank's overall control of credit risk in relation to its loan portfolio, particularly through its systematic approach to risk management and the insurance of its "Express" Loan portfolio, is also expected to continue to have a positive effect on profitability. The Bank also intends to increase fee and commission income by growing payment and foreign exchange transaction volumes, including up-front fees in all new loan products and issuing payment cards to its customers, which the Bank believes is likely to be a source of multiple fees and commissions. In particular, the Bank expects its planned ATM network expansion to substantially strengthen its fee and commission income. In addition, the Bank plans to increase lending to corporate and SME clients operating in certain industries that it believes have greater potential for recurring fee and commission income.

Growing and diversifying distribution channels and continuing to enhance information technology

The Bank aims to optimise the number of its own branches and mini-branches while expanding its network of retail partners and credit brokers. As at 31 March 2007, the Bank had 24 branches and 185 mini-branches. The Bank intends to increase the number of branches and mini-branches to 26 and 242, respectively, by the end of 2007. In general, Management aims to open a branch or mini-branch in each city in Kazakhstan with a population of greater than 50,000, in order to provide the Bank with national coverage. The Bank utilises retail partners, credit brokers and Kazpost outlets for the distribution of its products and services and plans to work with new partners as it grows its business, while focusing on sound risk management. The Bank plans to open new branches and mini-branches in locations where banking activity through credit brokers has been consistently high, thus increasing the likelihood that the chosen location will have potential for high business volumes. In addition, the Bank is focusing on increasing the number of ATM units to enhance customer convenience, and plans to install 2,000 ATMs during 2007.

The Bank intends to continue to improve its information technology platform in order to support the planned growth of its distribution network. In particular, it plans to further improve its overall cost efficiency by increasing the percentage of loans that can be automatically processed and approved. In addition, the Bank plans to make greater use of its customer database to design and price its products and to improve credit risk assessment.

Improving the overall cost of funding

The Bank expects that it will require additional funding in order to support future growth. Accordingly, it plans to expand its funding base while continuing to improve its overall cost of funding. The main element of this strategy is the Bank's planned expansion of its retail deposit base, a relatively low cost source of funding. The Bank plans to capitalise on the strong brand recognition it enjoys among its customers to attract retail deposits, particularly in under-penetrated sub-segments of the retail market, including pensioners. It also intends to expand its retail deposit base by introducing new products to attract customers. The Bank increased its share of retail time deposits from 2005 to 2006 and it expects to be able to further strengthen its market share through network expansion and more targeted marketing efforts. In addition to expanding its retail deposit base, the Bank plans to continue to access the international capital markets as a source of funding, including through securitisations of payment rights. The Bank is targeting an improvement in its credit fundamentals, which will translate into a lower cost of funding if its credit rating is upgraded.

Business of the Bank

The Bank offers most traditional retail and corporate banking products and services, including deposit taking, lending, issuing letters of credit, guarantees and promissory notes and payment cards, foreign currency exchange operations, broker-dealer transactions, custody, clearing and safe-keeping operations, financial leasing, correspondent banking, precious metal brokering, cash operations, remittances, trust, factoring and forfaiting operations and issuing securities.

The Bank's primary focus is on serving clients in the retail and SME banking markets and as at 31 March 2007, retail loans accounted for 46 per cent. of its gross loan portfolio and SME loans accounted for 27 per cent. (based on KAS).

The following table presents a breakdown of the Bank's gross loan portfolio, based on KAS, among the Bank's retail and corporate banking segments as at 31 March 2007 and as at 31 December 2006, 2005 and 2004 and a further breakdown of corporate banking loans into SME and large corporate as at 31 March 2007 and as at 31 December 2006:

	As at 31 March 2007		As at 31 December 2006		2005		2004	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Retail banking	326,098	46.1	278,936	44.1	49,981	27.3	9,334	17.2
Corporate								
SME	187,515	26.5	167,981	26.5	N/A	N/A	N/A	N/A
Large corporate	193,065	27.3	186,110	29.4	N/A	N/A	N/A	N/A
Total corporate	380,580	53.9	354,091	55.9	133,386	72.7	44,978	82.8
Total	706,678	100.0	633,027	100.0	183,367	100.0	54,312	100.0

Note:

(1) The numbers in this table are based upon KAS rather than the Unaudited Interim Financial Statements and Financial Statements prepared in accordance with IFRS. Accordingly, the totals do not match and are not directly comparable to the Unaudited Interim Financial Statements and Financial Statements and other numbers presented in this Prospectus.

The Bank offers its products and services through its own branch network as well as through alternative distribution channels, which include the sales outlets of Kazpost, credit brokers and its retail partners. For the year ended 31 December 2006, the Bank originated approximately 51 per cent. of retail loans through its own branch network, with the remaining 49 per cent. being originated through its alternative distribution channels. For the three months ended 31 March 2007, the Bank originated 53 per cent. of retail loans through its own branches and 47 per cent. through alternative distribution channels.

The Bank is also an active participant in the capital markets sector, where its primary activities are the sale, trading and underwriting of government, municipal and corporate securities in Kazakhstan.

Retail Banking

The Bank offers a wide range of retail banking products and services, including current accounts, time deposits, retail lending, debit and payment cards and currency exchange. As at 31 March 2007, the Bank had the largest retail loan portfolio of any bank in Kazakhstan, with retail loans of KZT 314,168 million (classified as "loans to individuals" in the Bank's financial statements), and the fourth largest retail customer deposit base, with retail deposits of KZT 101,794 million (classified as "individual customer accounts" in the Bank's financial statements). The following table provides certain information relating to the Bank's retail banking activities as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December 2006	2005	2004
Retail loans				
Number of retail accounts	1,212,114	1,020,373	128,252	15,995
Retail loans *(KZT million)*(1)	314,168	269,351	49,222	9,010
Market share of retail loans *(per cent.)*(2)(3)	20.0	19.7	8.3	3.4
Retail deposits				
Retail deposit accounts(4)	1,937,429	1,609,610	245,884	95,487
Retail deposits(4)(5) *(KZT million)*	101,794	112,187	40,561	21,394
Market share of retail time deposits *(per cent.)*(2)	10.6	10.8	4.3	2.4

Notes:

(1) Retail loans are defined as "loans to individuals" in the Bank's Unaudited Interim Financial Statements and Financial Statements.

(2) Source: KAS financials as provided by NBK.

(3) Includes loans to individuals classified as SMEs.

(4) Includes time deposits and demand deposits.

(5) Retail deposits are defined as "individual customer accounts" in the Bank's Unaudited Interim Financial Statements and Financial Statements.

Customer segmentation

In the area of retail lending, the Bank divides its customers into two categories: those who can confirm their income through the State Pension Payment Centre of Kazakhstan (which holds the pension deduction records of most public and private sector employees in Kazakhstan) ("Confirmed Income Borrowers"); and those who cannot do so ("Self-Certified Income Borrowers"). See "*Selected Statistical and Other Information — Lending Policies and Procedures*" for more information. In general, while Confirmed Income Borrowers qualify for unsecured loans, including "Express" Loans, Self-Certified Income Borrowers must provide collateral, typically in the form of real estate.

Deposits

The Bank accepts deposits through its own branches and mini-branches and in 2006 began to accept deposits through Kazpost outlets and credit brokers. As at 31 March 2007, the Bank had 919,402 retail depositors and KZT 101,794 million in retail deposits. Of this amount, 10 per cent. were demand deposits and 90 per cent. were time deposits with terms typically ranging from 12 to 37 months. 76 per cent. of the Bank's retail deposit base is denominated in Tenge, with the remaining 24 per cent. denominated in foreign currencies, including primarily U.S. Dollars. Retail deposits represent an increasing portion of the Bank's funding base, accounting for 32 per cent., 29 per cent. and 41 per cent. as at 31 December 2004, 2005 and 2006, respectively, of the Bank's total deposits and 41 per cent. of its total deposits as at 31 March 2007. In future periods, however, the Bank plans to expand its retail deposit base by leveraging its strong brand and wide distribution network to attract deposits from its existing customers as well as from relatively under-penetrated segments of the retail market.

Consumer lending products

The Bank has developed a comprehensive range of consumer lending products, including its two main products, "Express" Loans and Loans for "Instant Consumer Needs", as well as residential mortgages. The main distinction between "Express" Loans and Loans for "Instant Consumer Needs" is that "Express" Loans are not collateralised whereas Loans for "Instant Consumer Needs" must be collateralised. The following table provides a breakdown of consumer loans by product as at 31 March 2007 and as at 31 December 2006, 2005 and 2004, based on KAS:

	As at 31 March 2007		As at 31 December 2006		2005		2004	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
"Express" Loans	198,230	60.8	171,612	61.5	16,442	32.9	1,036	11.1
Loans for "Instant Consumer Needs"	67,580	20.7	57,035	20.5	17,136	34.3	3,191	34.2
Mortgages	44,066	13.5	35,991	12.9	10,366	20.7	2,448	26.2
Other consumer loans	16,222	5.0	14,298	5.1	6,037	12.1	2,659	28.5
Total	**326,098**	**100.0**	**278,936**	**100.0**	**49,981**	**100.0**	**9,334**	**100.0**

Note:

(1) The numbers in this table are based upon KAS rather than the Unaudited Interim Financial Statements and Financial Statements prepared in accordance with IFRS. Accordingly, the totals do not match and are not directly comparable to the Unaudited Interim Financial Statements and Financial Statements and other numbers presented in this Prospectus.

"Express" Loans. The Bank grants "Express" Loans on an unsecured basis to customers in amounts up to three times the borrower's monthly net salary (subject to a maximum amount of KZT 1,500,000). These loans have a maximum term of 42 months and bear interest at stated rates of between 13 per cent. and 19 per cent. per annum. The average term of the Bank's outstanding "Express" Loans as at 31 March 2007 was approximately 29 months. The Bank also charges an up-front fee of 9 per cent. of the total amount of the loan to cover certain administrative charges as well as the cost of insuring the loan, and also charges a monthly maintenance fee. The Bank recently changed the yield structure of its "Express" Loan product, reducing the stated interest rate charged from a range of 16 to 29 per cent. to the rates stated above, while increasing the fees and commissions charged to customers for this product. Although "Express" Loans are payable in equal monthly instalments, interest is accrued throughout the life of the loan based on the full original principal amount of the loan rather than the remaining balance of the loan. As a result, the Bank's effective interest rate (before provisions) of 39 per cent. is significantly higher than the stated rate.

Customers can apply for "Express" Loans through the Bank's branches or mini-branches as well as Kazpost outlets, credit brokers and retail partners. See *" — Distribution Channels"*. For the year ended 31 December 2006, approximately 24 per cent. of "Express" Loans were originated through the Bank's own branch network, with Kazpost, credit brokers and retail partners accounting for 18 per cent., 49 per cent. and 9 per cent., respectively. For the three months ended 31 March 2007, 25 per cent. of "Express" Loans were originated through the Bank's branch network, with 11 per cent., 52 per cent. and 13 per cent. originated through Kazpost, credit brokers and retail partners, respectively. In future periods, as it diversifies its distribution network, the Bank expects that Kazpost will account for a relatively smaller proportion of total loans originated.

Analysis of a borrower's application and loan decisions are made within 30 minutes on the basis of the Bank's automated scoring system, which it developed in cooperation with the international data solutions provider, Experian Scorex. The system is based on confirmed income as reported through the State Pensions Payment Centre, evaluating credit risk using the frequency of pension contributions by the potential customer to calculate average monthly salary and the ratio of revenue to the requested loan amount. If a loan is approved, the Bank disburses funds to the customer immediately.

From the inception of the "Express" Loan product to 31 March 2007, the Bank approved approximately one third of the 4.5 million applications for "Express" Loans that it received. The following table provides information on the number of applicants for "Express" Loans and the number of those applicants who were approved for each of the months in the three months ended 31 March 2007 and the year ended 31 December 2006:

	2006												2007		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
	(thousands)														
"Express" Loan applicants	51	77	154	215	298	317	346	449	402	373	361	394	292	321	498
Approved "Express" Loan applications	32	41	64	82	107	113	132	158	139	131	128	73	138	82	135

In June 2006, the Bank began insuring its "Express" Loan portfolio. When the Bank grants an "Express" Loan to a customer, it simultaneously insures it with Alliance Policy, a related party of its principal shareholder, SAFC. The Bank currently pays Alliance Policy a one-time commission of 5 per cent. of the amount of the loan (the commission was 2 per cent. when the Bank initially began insuring the loans). This rate for new loans may be renegotiated on a semi-annual basis in the future under the terms of the insurance contract, taking into account factors such as the quality of the loan portfolio and the expected level of non-performing loans. The insurance premium paid by the Bank has risen several times since the Bank began insuring its "Express" Loan portfolio in June 2006. In the event that the loan is not paid within 180 days of the date it becomes due, Alliance Policy pays the principal amount of the debt together with accrued interest for up to 210 days to the Bank, accepting in return the right to demand payment from the Bank's customer. Alliance Policy is then entitled to apply to a collector bureau to seek payment of the uncollected debt by the customer. As at 31 March 2007, substantially all of the Bank's "Express" Loans (other than those granted to Kazpost employees and certain loans where repayments are automatically deducted from the borrower's salary) were insured using this method.

Loans for "Instant Consumer Needs". Loans for "Instant Consumer Needs" are collateralised loans for a minimum amount of KZT 150,000 (or the U.S. Dollar equivalent) and a maximum amount determined based on the value of the collateral provided by the prospective borrower. The Bank will lend up to 70 per cent. of the market value of real estate collateral and up to 50 per cent. of the market value of vehicles provided as collateral. The maximum term of Loans for "Instant Consumer Needs" is 15 years. Loans for "Instant Consumer Needs" bear interest at rates between 14.5 and 20 per cent. per annum. In addition, the Bank charges a commission for drawing down the loan in the amount of 1.5 per cent. of the principal amount.

Residential Mortgages. In addition to its consumer finance loan products, the Bank provides residential mortgages to its customers. Its two primary mortgage products include "Mortgage Class" Loans and "Mortgage Express" Loans. "Mortgage Class" Loans, which have a term of up to 15 years, require a deposit with the Bank for the term of the loan of at least 20 per cent. of the purchase price of the real estate. "Mortgage Express" Loans, which have a maximum term of 30 years, do not require a deposit. However, the borrower must either make a down payment equal to at least 15 per cent. of the purchase price of the real estate or provide liquid collateral other than the real estate to cover 15 per cent. of the purchase price. "Mortgage Class" Loans bear interest at rates between 6.0 per cent. and 12.0 per cent. (depending on the size of the deposit) and "Mortgage Express" loans bear interest at rates of 14 per cent. (irrespective of the value of the collateral). The Bank also charges commissions of 0.5 per cent. of the loan amount for these two types of mortgage loans.

In addition, the Bank offers its "Alliance Mortgage" product jointly with JSC Kazakhstan Mortgage Company ("KMC"), a wholly owned subsidiary of the Ministry of Finance. "Alliance Mortgages" bear interest at rates determined by the Bank, at a margin of up to 4.0 per cent. above KMC's base rate. The Bank grants loans under this scheme with KMC and acts as a trustee with respect to the mortgages granted. After receiving a monthly payment on a mortgage, the Bank transfers that sum, less its margin, to KMC. If a mortgage loan is not repaid, the Bank pursues non-judicial enforcement of the collateral. The Bank ultimately bears the risk of non-repayment of "Alliance Mortgages". The Bank also participates in a programme under which participating banks transfer their mortgage loan portfolios to KMC for further resale in the secondary mortgage market.

The Bank has mitigated its risk in granting mortgages by becoming a member of the state Mortgage Loan Guarantee Fund, which guarantees repayments on its members' mortgage loans up to a limit of 40 per cent. of the principal amount of the loan.

Other loans. The Bank grants loans to individuals to purchase cars, with a focus on loans to purchase secondhand cars. These loans have a maximum term of eight years and bear interest at a rate of 15 per cent. The Bank charges a commission of 1.5 per cent. of the amount of the car loan. The Bank had a total of KZT 8,372 million in car loans outstanding as at 31 December 2006 (gross, without taking into account provisions or accrued interest).

Payment Cards

The Bank began issuing VISA credit and debit cards in 2004 and currently issues six types of VISA cards. As at 31 March 2007, the Bank had issued 80,061 VISA debit cards and 2,114 VISA credit cards. Most cards issued by the Bank are debit cards, which are cash collateralised and which may only be used up to the amount of cash deposited with the Bank.

The Bank plans to expand its payment card business during 2007 by converting its existing high quality "Express" Loan customers into payment card customers, effectively changing the nature of the credit extended from term loans to revolving credit. Customers with an established credit history will be eligible to receive a payment card. The Bank believes that payment cards will be more convenient for its customers as they will be able to make purchases without visiting the Bank's sales outlets, which they would previously have had to do if they wished to borrow funds from the Bank. In addition, lending via payment cards will be more cost effective for the Bank as it will not be required to pay sales commissions.

In addition, in connection with this initiative, the Bank plans to install approximately 2,000 ATMs during 2007, in cooperation with its principal shareholder, SAFC. A company affiliated with SAFC, Central Asian Payment Systems ("Capsys"), will assist the Bank in identifying sites for installation of ATMs. Customers will be able to draw down on their loans and make payments at ATMs. The Bank also plans to introduce a number of additional services relating to the Bank's payment cards, including money transfers between different cards and fund transfers between different banks with the use of payment cards.

The Bank also plans to expand the range of cards it offers and has begun offering different brands of cards to its customers. It became a principal member of the MasterCard payment system in June 2006 and plans to launch six MasterCard payment card products during 2007. The Bank also intends to begin distributing American Express cards during 2007 to high net worth individuals in Kazakhstan.

In addition, the Bank has implemented a number of loyalty programmes in order to expand its client base in payment cards. The Bank has launched the "Salary" card programme, under which the Bank issues cards to the staff of participating companies who, in return for signing a salary deposit agreement with the Bank, receive privileges (such as pre-approved credit lines) and reduced commissions on card payments.

Until May 2006, the Bank relied on the card processing and VISA ATM system operated by Kazkommertsbank. However, since June 2006, the Bank has operated its own processing centre and its own VISA ATM network, which in addition to supporting its issuance of a greater number of payment cards to its customers will also enable the Bank to provide payment card processing services to other banks.

Retail distribution channels

The Bank grants loans to retail customers and accepts retail deposits through its own branch network as well as through Kazpost outlets and credit brokers. In addition, the Bank offers on-site consumer financing at approximately 1,450 retail outlets located on the premises of furniture and electrical goods stores, car dealerships and other types of retailers to allow customers to purchase goods using credit from the Bank. While a significant proportion of the Bank's "Express" Loan portfolio is originated through Kazpost outlets, credit brokers and retail partners, Loans for "Instant Consumer Needs", mortgages and other types of retail loans are originated primarily through the Bank's own branch network. The Bank is, however, considering originating a greater proportion of Loans for "Instant Consumer Needs" through alternative channels in the future. For further detail on the Bank's distribution channels, see "— *Distribution channels*" below.

SME Banking

Although the Bank has a number of large corporate clients, its principal focus in corporate banking is on the SME sector. Within SME lending, the Bank has traditional strength in certain areas in Kazakhstan outside Almaty and Astana, including primarily Pavlodar and Eastern Kazakhstan, reflecting its origins as an SME-focused bank. As at 31 March 2007, the Bank had KZT 187,515 million in SME loans (based on KAS), which represented 27 per cent. of its loan portfolio.

Customer segmentation

In order to better serve SMEs, the Bank established its SME Business Department in early 2005. The Bank developed its SME classification to distinguish SMEs from large corporates which generate a significant proportion of the Bank's non-interest income and which the Bank targets with more tailored products. Until recently, the Bank classified SMEs with regard to employee headcount as well as the borrower's total assets and total sales. However, it has now changed the focus to a more product-oriented classification. The focus of its new SME classification methodology is on the customer's revenue generation capacity rather than its size (in terms of assets or number of employees). The Bank measures revenue generation capacity using a "rate discount ratio", which is the annual non-interest income generated or expected to be generated from the customer divided by the average loan balance. Customers with loan balances below U.S.$15 million and with a rate discount ratio of less than 1 per cent. are generally classified as SMEs. In addition, enterprises which are more than 50 per cent. owned by a corporation not included in the Bank's SME classification will not be considered SMEs. Within the SME classification, the Bank divides customers into medium-sized enterprises and small-sized enterprises, based on the types of products being offered to the customer. These criteria may differ from those used by other banks in Kazakhstan.

Lending and trade finance

The Bank offers its SME customers conventional loans as well as other types of trade finance products, such as letters of credit and guarantees. Conventional loans and leasing accounted for the large majority of total loans to SMEs during the three months ended 31 March 2007 (based on KAS). Most of the Bank's offering of conventional loans is comprised of Medium Business Loans, which are one-time loans to medium-sized entities, with interest rates determined on a case-by-case basis as described below. The Bank also offers Business Lines, which are standing credit lines for medium-sized businesses, under which the Bank provides all of its conventional loan products.

In addition to these conventional loan products, the Bank has developed products targeted specifically at its SME clients, including Business Impulse Loans and Small Business Loans, as well as car loans and business mortgages. The terms of Business Impulse Loans and Small Business Loans are similar, with the principal differences between them being an accelerated application process and greater focus on assessment of the value of collateral rather than the condition of the borrower for Business Impulse Loans. In addition, the Bank only offers Small Business Loans to customers with an established operating history, whereas Business Impulse Loans are available to start-up companies.

The Bank's approval procedures for SME lending are based in part on EBRD guidelines for SME financing relating to the EBRD SME programme in which the Bank is a participant. See *"Selected Statistical and Other Information — Lending Policies and Procedures*". The Bank determines the interest rate applicable to each loan on a case-by-case basis in the case of Medium Business Loans, taking into account the nature of the business of the borrower, the quality of collateral and other relevant factors. Management believes that this flexibility with regard to setting interest rates in respect of Medium Business Loans gives the Bank a competitive advantage over a number of other commercial banks operating in the Kazakhstan SME lending sector, which generally use a fixed interest rate for all SME loans.

Business Impulse Loans. The Bank grants Business Impulse Loans, which are loans with an accelerated application process, to SMEs and individual entrepreneurs. The maximum term of Business Impulse Loans is 15 years where the loan is secured by a mortgage over commercial real estate, and 20 years where the loan is secured by a mortgage over non-commercial real estate. However, Business Impulse Loans are typically granted for terms of between three and five years. Interest rates range from 7.0 per cent. to 18.0 per cent. per annum. The financial condition of the borrower is not the primary consideration in granting Business Impulse Loans; rather, the Bank places greater emphasis on the assessment of the value of the collateral provided. In general, the entire principal amount of each Business Impulse Loan is secured by real estate, cash deposits, automotive vehicles and/or goods in circulation. As at 31 December 2006, approximately 90 per cent. of Business Impulse Loans were secured by real estate. Business Impulse Loans are available to both customers with an established track record and start-up companies.

The Bank charges loan commissions on Business Impulse Loans at rates between 0.3 per cent. and 1.5 per cent. If the loan is secured by collateral in the form of real estate, it must be insured at a cost of between 0.35 per cent. and 0.4 per cent. of the value of the real estate. If the value of the collateral exceeds the amount of the loan, insurance is calculated based on the principal amount of the loan.

Small Business Loans. The Bank grants Small Business Loans to SMEs and individual entrepreneurs. The maximum term of Small Business Loans is seven years for loans for the financing of fixed assets and five years for working capital loans. However, these types of loans are typically granted for a term of between three and five years. Interest rates range from 14.5 to 18.0 per cent. per annum. The Bank focuses on analysis of the financial condition of the customer when granting Small Business Loans, as compared to the greater focus on valuation of the collateral for Business Impulse Loans. For Small Business Loans, although the entire principal amount of each loan is secured by real estate, cash deposits, automotive vehicles and goods in circulation, the Bank is more flexible with regard to the type of collateral. Only 50 per cent. of the loans is required to be secured by real estate for Small Business Loans.

Car loans. Car loans are loans for the purchase of cars, buses, lorries and special machinery for businesses for amounts of up to U.S.$3 million (or KZT equivalent). These loans are secured by the vehicles acquired with the proceeds of the loan or by real estate. Car loans have a maximum term of seven years, and bear interest at a rate of 16 per cent. per annum.

Business mortgages. Business mortgages are loans for the purchase of commercial real estate for amounts of up to U.S.$3 million. The maximum term of business mortgages is 15 years where the loan is secured by commercial real estate and 20 years where the loan is secured by non-commercial real estate, although the typical maturity is between three and five years. Business mortgages bear interest at a rate of approximately 14.5 per cent. to 16 per cent. per annum. The maximum amount of business mortgages is 70 per cent. of the value of the real estate on which it is secured. The borrower is required to make a down payment of between 20 per cent. and 30 per cent. of the appraised value of the real estate.

Small Business "Express" Loans. Small Business "Express" Loans are loans in amounts of between U.S.$100 and U.S.$10,000 (or the KZT equivalent) with a maximum term of 18 months, which bear interest at rates of between 26 per cent. and 33 per cent. per annum. These loans are targeted at small companies, such as family-run grocery stores, and are generally secured by merchandise, trade and production equipment and personal belongings, such as cars, as well as third party guarantees. As at 31 March 2007, the entire portfolio of these loans was secured. While as at 31 March 2007, the share of the aggregate outstanding principal amount of Small Business "Express" Loans in the Bank's total SME banking loan portfolio amounted to less than 0.01 per cent., the Bank believes that Small Business "Express" Loans represent an important product area that helps the Bank retain its SME customers.

SME distribution channels

The Bank services its SME customers primarily through its own branch network. Slightly more than one third of loans granted to SMEs are serviced through the Bank's head office in Almaty, with the remaining loans being serviced primarily through the Bank's branches. The Bank also originates loans to small-sized enterprises through its mini-branches. The Bank has established specialised SME Lending Units in key areas to address the needs of SME customers. Certain of these SME Lending Units are standalone units while others are located within the Bank's branches. The Bank added four SME Lending Units during 2006 and plans to reach seven units during 2007. For further detail on the Bank's distribution channels, see *"— Distribution channels"* below.

Corporate Banking

Although the Bank has the resources to offer services to large corporate customers, it has consciously limited its exposure to these customers in light of the lower margins in corporate lending relative to retail and SME lending. As at 31 March 2007, the Bank had KZT 193,065 million in loans to large corporate customers (based on KAS), which represented 27 per cent. of its loan portfolio.

Customer segmentation

The Bank classifies corporate loans as loans granted to companies for amounts greater than U.S.$15 million (or the KZT equivalent) with a rate discount ratio of greater than 1 per cent. (see *" — SME Banking — Customer segmentation"* for a definition of "rate discount ratio"). In addition, as described below, the Bank grants certain other financing products to its corporate clients, including factoring and forfaiting and trade finance products. A significant portion of the Bank's large corporate customers are former SME customers which have grown such that they now demand loans and other trade finance products in greater amounts.

Deposits

As the Bank does not break down deposits for SMEs, both SME and large corporate depositors are included in corporate deposits. As at 31 March 2007, the Bank had approximately 10,230 corporate depositors, and KZT 148,617 million in principal amount of corporate deposits. Of this amount, 36 per cent. were demand deposits and 64 per cent. were time deposits with terms ranging from one to more than 24 months. 94 per cent. of the Bank's corporate deposit base is denominated in Tenge, with the remaining 6 per cent. denominated in foreign currencies, including primarily U.S. Dollars. As at 31 March 2007, corporate deposits represented 59 per cent. of the Bank's deposit base and 15 per cent. of its total funding base.

Lending and trade finance

The services provided to large corporate clients are designed to offer customers a seamless "one package" full range of products, including the following: lending, leasing, financial leasing, factoring, forfaiting, commercial paper, sophisticated investment products (structuring and financing), project finance, overdrafts (for preferred clients), unsecured tender guarantees for corporate customers with subsequent post-tender guarantees and structured finance products (including pre-export and post-financing with international counterparts).

A major part of the Bank's corporate banking activity consists of the provision of trade finance and short-term credit facilities, including letters of credit, guarantees and working capital facilities, mostly denominated in euro and in U.S. Dollars. The Bank enjoys a strong relationship in trade finance with some of Kazakhstan's largest corporations, including Kazpoligraf, Rakhat, ANT Group, Agro-StarGrain, Technodom Company, Medicus Center, AGES, North Winds Asia, Eurasia Transit Group, Ak-Erke and Renault Kazakhstan. The majority of the Bank's trade finance loans have maturities of less than 12 months. As demand for longer-term facilities grows, the Bank intends to link underlying funding sources to longer term financing when available. In addition, the Bank has limited dealings with governmental agencies, primarily making short term loans to state entities involved in the rail and nuclear industries by discounting commercial paper issued to their suppliers.

As part of its trade finance activities, the Bank maintains correspondent banking relationships with many leading international banks. The Bank also executes insurance transactions with export credit agencies, such as SACE, HERMES and KUKE. The Bank has entered into agreements with a number of banks, including Bayerische Landesbank AG, Bayerische Hypo- und Vereinsbank, Bankgesellschaft Berlin AG and Deutsche Bank AG, providing for insurance cover to be extended in respect of the Bank's trade finance loans.

Corporate distribution channels

The Bank offers services to corporate clients through its head office and certain branches. For further detail on the Bank's distribution channels, see *"— Distribution channels"* below.

Capital markets

The Bank's primary activities in the capital markets sector consist of the sale and purchase of Republic of Kazakhstan state securities, equity and debt securities of foreign issuers with ratings above "A" and municipal and corporate securities listed on the KASE. See "*Selected Statistical and Other Information — Trading and Investment Portfolio*". The Bank's principal objective in the purchase of these securities is the management of liquidity and other types of risk. The Bank has established an internal dealing department consisting of three members who conduct operations in response to its liquidity requirements. See "*Asset and Liability Management"*. The Bank also conducts repurchase transactions using its securities portfolio as collateral, as well as conversion operations and DEPOT operations in the interbank market. These operations are conducted in the framework of established limits for bank counterparties in the stock and over-the-counter markets. The Bank's trading partners include certain major domestic banks such as Kazkommertsbank, Halyk Bank and Bank TuranAlem, as well as international financial institutions such as ABN AMRO Bank Kazakhstan and Citibank Kazakhstan.

The Bank also provides services to customers relating to the placement of bonds on the KASE, including underwriting, market-making, financial consultation and intermediary services such as initiation of tenders.

Distribution Channels

The Bank offers its products and services through its own branches and mini-branches, Kazpost, credit brokers and a network of retail partners. The Bank began its strategic partnership with Kazpost in 2004 and based on the success of this arrangement, began offering its products and services through credit brokers and retail partners in 2006.

For the year ended 31 December 2006, approximately 51 per cent. of the Bank's retail lending was through its own branch network, with 12 per cent. and 38 per cent. occurring through Kazpost and its broker and retail partner distribution network, respectively. For the three months ended 31 March 2007, 53 per cent. of the Bank's retail loans were originated through the Bank's own branch network. The Bank's relationships with brokers and retail partners are particularly important in the area of "Express" Loans. For the year ended 31 December 2006, approximately 76 per cent. of "Express" Loans were originated through Kazpost and the credit broker and retail partner network.

The Bank also began to accept deposits through Kazpost outlets and credit brokers in 2006. For the year ended 31 December 2006, it accepted approximately 99.6 per cent. of deposits through its own branch network and 0.4 per cent. through Kazpost outlets and credit brokers. For the three months ended 31 March 2007, the Bank accepted 96.7 per cent. of deposits through its own branch network. The Bank plans to leverage its wide distribution network to continue to expand its retail deposit base during 2007.

Branch Network

As at 31 March 2007, the Bank had 24 branches and 185 mini-branches located throughout Kazakhstan. The operations of each branch and mini-branch are subject to internal regulation and to oversight by the head office. Each branch provides a broad range of banking products and services, such as deposit taking, lending, foreign exchange operations and remittances. The aggregate lending limit of an individual branch for a single borrower is set by the Bank's General Credit Committee and ranges from U.S.$30,000 to U.S.$1,000,000. The co-ordination and supervision of the corporate finance operations of the branches are conducted by the Bank's Corporate Finance Department.

In comparison to branches, mini-branches offer services appropriate to the geographical area in which they are located. Most mini-branches offer the same services as branches, although with lower lending limits. Some mini-branches, however, offer a more limited range of services, such as utility payments, cash withdrawals and money transfers, mainly for retail customers.

Certain types of activities, including discount operations, trust operations, clearing operations, mortgage operations, issuance of payment cards, guarantee operations, issuance of securities, factoring and forfaiting and transactions with precious metals, are conducted out of the Bank's head office only.

The Bank has branches and mini-branches in all regions across Kazakhstan. The following table provides details on the location of its branches as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	Branches	Mini-branches	Branches	Mini-branches	Branches	Mini-branches	Branches	Mini-branches
Almaty	3	52	3	45	2	22	1	8
Atyrau	1	9	1	9	1	2	1	—
Astana	1	9	1	7	1	5	1	3
Aktau	1	7	1	7	1	1	—	—
Aktobe	1	6	1	3	1	—	—	—
Oskemen	1	14	1	14	1	6	1	4
Karaganda	1	16	1	11	1	3	1	2
Shymkent	1	12	1	11	1	—	—	—
Kostanay	1	12	1	10	1	2	—	—
Pavlodar	1	10	1	9	1	4	1	5
Petropavlovsk	1	7	1	4	1	2	1	—
Semipalatinsk	1	9	1	9	1	3	1	2
Ekibastuz	1	6	1	6	1	3	1	1
Zhezkazgan	1	8	1	8	1	1	—	—
Uralsk	1	6	1	6	1	—	—	—
Taldykorgan	1	1	1	2	—	1	—	—
Talgar	1	1	1	1	—	1	—	—
Taraz	1	—	1	—	—	—	—	—
Kyzylorda	1	—	—	—	—	—	—	—
Kashkelen	1	—	—	—	—	—	—	—
Zhetysai	1	—	—	—	—	—	—	—
Kokshetau	1	—	1	—	—	—	—	—
Total	**24**	**185**	**21**	**162**	**16**	**56**	**9**	**25**

The Bank intends to increase the number of branches and mini-branches to 26 and 242, respectively, by the end of 2007. The Bank plans to open branches and mini-branches in locations where credit brokers have experienced high business volumes, thus increasing the likelihood that the chosen locations will be profitable for the Bank. Management believes that once it implements this planned increase, the Bank will have achieved a level of national coverage (in terms of both the number and location of the Bank's branches and mini-branches) which is sufficient to make the Bank's products more easily accessible to individuals and companies throughout Kazakhstan and to attract new customers, in the short to medium term. In the future, Management will limit the opening of new branches and mini-branches to areas offering a clear prospect of financial stability and customer growth.

Kazpost

Kazpost is a state-owned postal services company with a network of approximately 4,000 outlets throughout Kazakhstan. In 2004, the Bank was the first Bank to enter into a non-exclusive strategic partnership agreement with Kazpost. This arrangement allows the Bank to provide retail lending and deposit taking services through Kazpost outlets. At the date of this Prospectus, all of Kazpost's outlets are in a position to offer the Bank's products and services. Kazpost outlets are linked to the Bank's head office so that loans granted by the Bank from Kazpost outlets can be processed quickly over a secure network.

Kazpost charges commissions of 4.7 per cent. on retail loans and 1 per cent. on retail deposits, which are paid by the borrower and the Bank, respectively. The Bank does not pay commissions to Kazpost on rejected applications. Furthermore, when a loan is taken by a borrower through a Kazpost outlet, the borrower is required to authorise the Bank to automatically deduct amounts due to the Bank under the loan from the borrower's salary if it is paid through a Kazpost outlet. The majority of public sector employees and approximately 10 per cent. of private sector employees (in each case according to Management estimates) are paid through Kazpost outlets.

The Kazpost network gives the Bank the opportunity to offer its products to customers in remote locations where it otherwise has no presence and also provides further cross-selling opportunities. From the establishment of this arrangement to 31 March 2007, the Kazpost distribution channel had originated approximately KZT 49.6 billion in loans.

Credit brokers

Concurrently with the completion of the expansion of the Bank's own branch network, the Bank's strategy is to focus on the diversification of its distribution network by creating an extensive broker and retail outlet partner distribution network. In February 2006, the Bank commenced offering retail loan products through credit brokers.

At the date of this Prospectus, the Bank had a network of 15 credit brokers, seven of which are owned by SAFC, the Bank's principal shareholder. Alliance Finance, Alliance Retail, Dom Kreditov and the other brokers used by the Bank have a total of approximately 800 sales outlets. Each broker sales outlet, using a secure network, is able to lodge applications with the Bank's head office for credit approvals based on the Bank's automated scoring model. See "*Selected Statistical and Other Information — Lending Policies and Procedures* ".

The Bank pays a commission of between 2.0 and 4.0 per cent. of the loan amount to its brokers. Alliance Finance, Alliance Retail and other affiliated brokers of the Bank generally receive a 4.0 per cent. commission and Dynasty and other non-affiliated brokers generally receive a 2.5 per cent. commission. These commissions may, however, be renegotiated in the future and may increase as a result of market conditions or otherwise. See *"Risk Factors — Risk Factors Relating to the Bank — The Bank relies on third parties (including SAFC) for loan origination and debt collection and any interruption in its ability to rely on the services of these third parties or deterioration in their performance could impair the quality of the Bank's services and/or constrain its growth"*.

From the establishment of the Bank's arrangements with credit brokers to 31 March 2007, the Bank had originated 530,915 loans through these brokers, representing an aggregate value of KZT 126,784 million. Among the "Express" Loans granted by the Bank during the three months ended 31 March 2007, 47 per cent. of the aggregate principal amount was granted by affiliated brokers, including 19 per cent. granted through Alliance Retail, 15 per cent. through Alliance Finance, 11 per cent. through Dom Kreditov and 3 per cent. through other affiliated brokers. Dynasty, the largest unaffiliated broker, granted 3 per cent. of the aggregate principal amount of "Express" Loans. The Bank is placing an increasing emphasis on its training for credit brokers.

Retail partners

In addition to its relationships with credit brokers, the Bank has entered into agreements with a large number of retailers, through which the Bank offers on-site consumer financing. The Bank either trains the retailer's employees to offer its services or deploys its own employees to offer on-site financing directly. The Bank's retail partner network includes, amongst others, furniture and electrical goods stores as well as car dealerships. The products sold at the relevant retail outlet can be purchased on credit provided by the Bank. As at the date of this Prospectus, the Bank has established exclusive or non-exclusive arrangements with approximately 1,450 retail outlets. The Bank intends to maintain the number of its retail partners at approximately the same level in the near future and to concentrate on improving the quality of service provided through these retail partners.

ATM Network

The Bank began establishing its own ATM network during 2006. As at 30 June 2007, the Bank had installed and operated approximately 220 ATMs. During 2007, the Bank plans to install 2,000 ATMs in cooperation with Capsys, a company affiliated with SAFC. Of these, approximately 1,100 ATMs are expected to be able to accept deposits. The Bank plans to convert its existing "Express" Loan customers into payment card holders and it believes that the expansion of its ATM network will increase customer convenience as these customers will be able to withdraw funds, make loan repayments and make payments on their cards through ATMs. The Bank also plans to offer its customers money transfer and utility bill payment services through ATMs.

Other Distribution Channels

The Bank's customers are entitled to use the Bank's payment cards to pay for goods or services in trade service outlets, such as furniture and electrical goods stores, car dealerships and other types of retailers, and to withdraw cash in cash outlets operated by third-party vendors. As at 31 March 2007, the Bank had installed 97

Point of Service ("POS") terminals located in branches and mini-branches. The Bank is also searching for and attracting trade enterprises upon whose premises it can install POS terminals and as at 31 March 2007, it had 120 POS terminals installed at such trade enterprises.

At the date of this Prospectus, the Bank's provision of Internet and telephone banking services was limited to its corporate customers. The Bank is exploring ways of developing further its Internet and telephone banking services to allow for a variety of banking services to be made available to the Bank's customers through these media.

Technology

The Bank operates an integrated banking system and payment system which allow unified online interactive communications between the head office of the Bank and its branches and mini-branches through a real time wide area network. The Bank considers its information technology systems to be one of its main competitive advantages, as these systems allow it to distribute products swiftly via third-party channels to process loan applications quickly and efficiently while controlling risk exposure. The Bank also believes that the continued upgrading of its information technology systems will be an important factor in the expansion of its operations. Accordingly, it plans to make additional investments in its computer and communication technology. In particular, it is considering upgrading its current Athena system, which is its basic system for storing customer and product data, in order to improve its overall performance.

In 2006, the Bank implemented its proprietary automated scoring system, which it developed in cooperation with the international data solutions provider, Experian Scorex and Documentum Services, an IT consultant. This system is designed to aid the Bank in evaluating credit risk quickly and efficiently, using the Bank's existing Athena system. The automated scoring system uses confirmed income as reported through the State Pension Payment Centre to evaluate credit risk. The frequency of pension contributions is used to calculate a prospective borrower's monthly salary. The scoring system also takes account of the repayment behaviour of repeat borrowers. Based on these and certain other parameters, the scoring system generates a maximum allowable loan limit. The Bank continues to upgrade and refine its automated scoring model to take account of trends it observes in the market. The Bank believes that its automated scoring system has been an important factor in the expansion of its retail loan portfolio and in particular the increase in the number of "Express" Loans granted by the Bank.

The Bank has developed several new IT initiatives, including the introduction of a Compass Plus system, a Creditinfosolution system, a call centre and Internet banking. The Bank plans to implement Compass Plus software during 2007. Compass Plus is a system which will cover all functional needs of the Bank for payment cards. It includes TranzWare On-line, a system for processing credit card transactions in real time, TranzWare Card Factory, a customised module, and TranzWare Card Management System, a back office system for payment cards, as well as certain other modules. The migration to Compass Plus is expected to allow faster processing of revolving cards and flexibility in the Bank's card management system. The Bank has also completed a pilot project for an Internet banking system based on Compass Plus software, and plans to introduce Internet banking for its customers in the future. The Bank also plans to implement a Creditinfosolution system during 2007. Creditinfosolution software will aid the Bank in managing accounts receivable on problem loans. The Bank plans to expand its call centre operations and introduce an interactive voice response system based on Genesis software during 2007. The Bank believes that introducing a call centre will increase its potential coverage of clients, improve its relationship with those clients and help it to reduce costs.

The Bank's IT systems are equipped with internationally reputable and up-to-date anti-virus and security systems. The Bank's disaster recovery procedures comply with all national requirements. The Bank maintains two back-up servers situated in two different locations in Almaty and backs-up data every 24 hours. In addition, on a weekly basis, data is recorded on magnetic tapes that are then transported for safe-keeping to a location in Astana and placed on two separate back-up servers. The Bank is in the process of establishing an additional back-up server in Astana (which is considered to be in a seismically safe zone), planned for 2009.

Employees

The Bank had 5,086 full-time employees as at 31 March 2007, of which 4,138 were employed at the Bank's branches and mini-branches, compared to 4,173 full-time employees as at 31 December 2006, of which 3,318 were employed in branches and mini-branches. As at 31 December 2005, the Bank had 1,831 full-time employees, of which 1,312 were employed in the Bank's branch network. The increase in total full-time employees from 2005 to 2006 principally reflects the expansion of the Bank's branch network. The following table presents a breakdown of the Bank's employees by head office, branches and mini-branches as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
Head office	948	855	519	286
Branches	2,445	2,014	984	459
Mini-branches	1,693	1,304	328	141
Total	**5,086**	**4,173**	**1,831**	**886**

The Bank has a highly educated staff as a result of its focus on recruiting employees with post-secondary education. At the date of this Prospectus, approximately 80 per cent. of the Bank's employees had completed post-secondary education.

The Bank has developed internal training programmes for employees at all levels, including regular training on corporate standards, management skills and customer service quality. The Bank has also created training programmes for its credit brokers. It also engages external consultants to provide training on certain topics, such as information technology and payment card technologies. The Bank also has incentivisation programmes for its employees, including a performance-based bonus system, for which approximately 40 per cent. of its employees are eligible.

The Bank has never experienced industrial action or other work stoppages resulting from labour disputes.

Security and Anti-Money Laundering

The Bank has implemented security procedures and policies for all of its locations. Each new branch and mini-branch is subject to oversight by the Bank's head office to ensure compliance with the Bank's procedures and policies.

The Bank maintains an anti-money laundering policy in relation to all of its customers. It has a Control Compliance Service which is responsible for the prevention of money laundering and financing of terrorism. This Service monitors and analyses accounts and transactions of customers, investigates unusual and suspicious transactions and establishes compliance procedures for all internal standards and external bank regulation. The Bank has also recently introduced programmes for customer identification and examination of customers' data upon the opening of a new account.

Insurance Cover

The Bank has a number of insurance policies provided by Alliance Policy, including in respect of, among other things, insurance of employees and insurance of management's performance, which covers claims of wrongful discharge or dismissal and unfair hiring or promotion practises by the Bank's employees. The Bank also insures risks related to its fixed assets and its cash balances, including risks resulting from burglary and robbery of money or equipment and cash transportation risks, as well as accident insurance, motor insurance and motor third party liability insurance. All policies are renewable annually.

The Bank also insures its "Express" Loan portfolio, as described above under *"The Bank — Retail banking — Consumer lending products —"Express" Loans"*.

Competition

Retail market

Within retail lending, the Bank's strategy has been different from the strategies of other banks. It has focused increasingly on unsecured consumer lending, whereas other banks have focused on mortgages and other types of secured lending. In particular, Halyk Bank, which has historically been the Bank's main competitor in the retail segment, has focused on mortgage lending. Halyk Bank also had a majority share of the payment cards market in Kazakhstan as at 31 December 2006. However, its large branch network, which reflects its legacy as the Savings Bank of the USSR, provides it with the opportunity to cross-sell other types of retail products to its existing customers. Bank CenterCredit, another retail-focused bank in Kazakhstan, has also taken a conservative approach to retail lending, focusing on secured consumer lending, including car loans and mortgages.

The Bank, by contrast, has focused on unsecured retail lending, an area which few banks in Kazakhstan have entered on a large scale. The Bank's decision to offer "Express" Loans through its own branch network and its alternative distribution channels has helped it establish a leading position in this market. Bank Caspian, a smaller bank controlled by Baring Vostok, offers its customers an unsecured consumer loan product similar to the Bank's "Express" Loan product, but has not offered this product on as large a scale as the Bank has offered "Express" Loans. In addition to Bank Caspian, the Bank also competes with SocGen (Prostocredit) and Home Credit and Finance in the area of "Express" Loan-type products.

In comparison to the Bank, Halyk Bank and Bank CenterCredit, whose proportions of retail loans in their portfolios were 44 per cent., 40 per cent. and 35 per cent. (based on KAS), respectively, as at 31 December 2006, Kazkommertsbank, Bank TuranAlem and ATF Bank have lower concentrations of retail loans, ranging from 14 to 26 per cent. However, these banks are expected to increase their focus on the retail market in future periods, in order to increase their net interest margins and capitalise on growth potential in this market. In particular, Bank TuranAlem has begun to implement a retail strategy through the acquisition of a controlling stake in TemirBank, a strong retail player in the urban Kazakhstan market, and the creation of a Retail Business Group which is comprised of several consortium banks. In addition, Kazkommertsbank and ATF Bank both plan to expand their branch networks in order to increase their retail presence in Kazakhstan. As these three banks increase their focus on the retail market and expand their branch networks, the Bank expects to compete with them on a larger scale than it has in the past.

As the Bank expands its asset base rapidly, it has increasingly sought to attract retail deposits as they are a relatively low cost source of funding which contribute to a higher net interest margin. For retail deposits, the Bank also competes primarily with Halyk Bank and Bank CenterCredit. Halyk Bank has been able to leverage its large branch network to gain an approximate 20 per cent. share of retail deposits as at 31 December 2006, which represented approximately 24 per cent. of its total liabilities. Bank CenterCredit has also been successful in attracting retail deposits and as at 31 December 2006, it had an approximate 11 per cent. market share in retail deposits, representing 21 per cent. of its total liabilities. The Bank has recently offered attractive rates in order to gain deposits from retail customers and as a result has been able to increase its market share. It nonetheless expects to continue to experience significant competition in retail deposits, in particular as a result of the measures the FMSA has recently implemented to reduce foreign borrowings by Kazakhstan's banks. See "*The Banking Sector in Kazakhstan — Regulation*".

Although the Bank expects to experience heightened competition from other major banks in Kazakhstan, it does not expect significant competition in the retail sector from new entrants or foreign banks operating in Kazakhstan. The number of banks in Kazakhstan has decreased from 178 in 1995 to 33 as of the date of this Prospectus and the six largest banks accounted for 86 per cent. of the total assets of the Kazakhstan banking sector as at 31 December 2006. In addition, although foreign banks, including ABN AMRO, Citibank and HSBC, are present in Kazakhstan, they are not likely to be able to leverage their lower cost of funding as they are held to the same reserve requirements for foreign debt as domestic banks. As a result, the Bank does not believe that foreign banks represent a significant source of competition in the retail sector, although foreign banks may in the future enter the Kazakhstan market through the acquisition of local banks, which would allow them to compete on a larger scale with domestic banks.

SME and Corporate Banking

Within corporate lending, the Bank has in the past competed primarily with smaller banks such as ATF Bank and Bank CenterCredit as well as banks with an established niche in the SME market, such as Bank TuranAlem. The Bank has not competed to a significant degree with Kazkommertsbank as Kazkommertsbank focuses primarily on lending to large corporate customers. However, as large companies in Kazakhstan gain access to international sources of funding, they are demanding more competitive interest rates, which has compressed lending margins. As a result, along with their expansion into the retail market, banks in Kazakhstan are increasingly focusing on lending to SMEs, which offer comparatively high interest margins.

The Bank's origins as an SME bank in Pavlodar and Eastern Kazakhstan provided it with the platform to expand into the increasingly attractive SME segment. Bank TuranAlem has also established itself as a leader in the SME market, distinguishing itself from Kazkommertsbank. Even as Bank TuranAlem expands internationally, it is expected to retain its focus on SME lending.

The Bank has also competed to a significant degree with ATF Bank, which lends primarily to corporate customers. The Bank expects competition with ATF Bank to increase as a result of its recent commitment to expand its SME lending resources. Going forward, ATF Bank plans to service SME customers at separate outlets, similar to the Bank's strategy of opening SME Lending Units. In addition, although Kazkommertsbank has traditionally been a conservative lender focusing on larger customers, it plans to strengthen its position in the SME market, including through the expansion of its branch network. As a result, the Bank expects to experience heightened competition in the SME market both from banks with an established SME focus and banks who have traditionally focused on larger customers.

Property

The Bank leases its head office in Almaty. The Bank owns or leases the buildings used by its branches and mini-branches depending on the specific circumstances of different locations. At the date of this Prospectus, the Bank owns the premises in which nine of its branches and 26 of its mini-branches are located and leases the premises where the remaining 15 branches and 160 mini-branches are located.

Legal Proceedings

From time to time and in the ordinary course of business, the Group is subject to legal actions and complaints. However, at the date of this Prospectus, the Group was not and had not in the 12 months preceding the date of this Prospectus been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Group is aware) which may have or have had in the 12 months preceding the date of this Prospectus a significant effect on the financial position or profitability of the Group.

THE BANKING SECTOR IN KAZAKHSTAN

The banking sector in Kazakhstan has been growing at a rapid rate over the past few years, driven by GDP growth of above 9 per cent. each year in real terms since 2000. The banking sector's total assets increased from KZT 817 billion as at 31 December 2001 to KZT 8,872 billion as at 31 December 2006, which represents a compound annual growth rate of 61 per cent. In addition, the penetration of core banking products in Kazakhstan has increased in recent periods. Loans as a percentage of GDP increased from 19 per cent. as at 31 December 2002 to 62 per cent. as at 31 December 2006 and deposits as a percentage of GDP increased from 19 per cent. to 33 per cent. over the same period. The growth in penetration of loans and deposits demonstrates the increasing importance of financial services in Kazakhstan's economy. However, despite these increases, penetration of core banking products remains relatively low and was less than half the levels in Western Europe as at 31 December 2006. The Bank believes that the low level of penetration of banking products in Kazakhstan represents potential for further growth in the banking sector.

Kazakhstan's banking sector has undergone significant consolidation during the past few years and is now dominated by relatively few banks. The NBK's stringent policies on capital adequacy and liquidity have contributed to a decrease in the number of banks. According to the NBK, there were 33 commercial banks in Kazakhstan as at 31 December 2006, excluding the DBK and the NBK, compared to 178 in 1995.

The following table presents certain KAS financial information relating to the leading banks operating in Kazakhstan as at 31 March 2007:

	As at 31 March 2007			
	Assets	**Shareholders' Equity**	**Loans**	**Retail Loans(1)**
	(KZT billions)			
JSC Kazkommertsbank	2,336	224	1,682	261
JSC Bank TuranAlem	2,103	181	1,412	230
JSC Alliance Bank	1,121	106	707	359
JSC ATF Bank	980	65	632	167
JSC Halyk Bank	960	122	662	257
JSC Bank CenterCredit	665	41	489	178
JSC Bank Caspian	206	32	136	145
ABN AMRO Bank Kazakhstan	109	10	37	67
Citibank Kazakhstan	80	8	24	—
HSBC Bank Kazakhstan	52	4	50	1
Total banking sector	9,573	952	6,419	1,798

Source: FMSA, based on KAS data prepared by each bank.

Note:

(1) Includes loans to individuals classified as SMEs.

Within Kazakhstan's banking sector, Kazkommertsbank, Bank TuranAlem and Halyk Bank have historically represented a significant portion of assets. As at 31 December 2001, these three banks accounted for 62 per cent. of total assets in the banking sector. However, recently, banks such as the Bank and ATF Bank have been growing rapidly and accordingly, the share of assets of the three largest banks has decreased. During 2006, the assets of the three largest banks as a proportion of the total market decreased from 59 per cent. to 58 per cent., while the corresponding proportion for the three medium-sized banks increased from 23 per cent. to 28 per cent. In addition, as at 31 March 2007, the Bank surpassed Halyk Bank and ATF Bank to become the third largest bank in Kazakhstan by total assets and total loans.

Kazakhstan's commercial banking sector has traditionally focused on lending to oil and gas and mining companies, construction companies and SMEs. However, medium-sized banks have tended to focus on retail lending and as a result, have higher concentrations of retail loans in their portfolios. For instance, as at 31 December 2006, the retail loan portfolios of the Bank and Bank CenterCredit represented 44 per cent. and 35 per cent. of their total loan portfolios (based on KAS), respectively. In addition, Halyk Bank has a relatively high retail exposure of 40 per cent. as a result of its legacy as the Savings Bank of the USSR in Kazakhstan during the Soviet period. By contrast, Kazkommertsbank, Bank TuranAlem and ATF Bank have relatively low concentrations of retail loans in their portfolios, ranging from 14 to 26 per cent. As a result of increasing competition from medium-sized banks, these larger banks are seeking to increase their retail lending activities in order to capture market share in this relatively under-penetrated market and increase their net interest margins. They are all expected to expand their branch networks, upgrade their information technology capabilities and introduce other measures to increase their lending to the retail sector. In addition, although Bank TuranAlem and ATF Bank have established themselves as leaders in SME lending, Kazkommertsbank, which has traditionally focused on large corporate customers, plans to expand into the higher margin SME market.

Kazakhstan's banks have relied heavily on international borrowings to fund the rapid expansion of their loan portfolios. They have accessed the syndicated loan and international Eurobond markets during 2006 and 2007, with all six of the largest banks having issued at least one Eurobond tranche during 2006. However, the FMSA has recently introduced measures to discourage further international borrowing. As the majority of international borrowings by Kazakhstan's banks were short-term in nature, the FMSA initially introduced restrictions on short-term borrowing. Following the implementation of these restrictions, banks in Kazakhstan began to increase the tenor of their international borrowings. In response, the FMSA proposed amendments to Kazakhstan's capital adequacy regulations which would limit the amount of foreign borrowings which a bank can incur to a multiple of such bank's own capital. These amendments came into full effect in April 2007. In addition, in July 2006, the NBK introduced new reserve requirements, which increase reserve requirements for foreign borrowings to 8 per cent., as compared to 6 per cent. for domestic borrowings. See *" — Regulation"* below for further information on these regulatory measures. These measures may constrain further growth of Kazakhstan's banking sector by limiting sources of funding for balance sheet expansion. See *"Risk Factors — Risk Factors Relating to operating within the Kazakhstan banking sector — Recent regulatory changes in Kazakhstan may adversely affect the Bank's business."*

In addition to international borrowings, Kazakhstan's banks have issued equity and preference shares to finance their expansion. During 2006, both Halyk Bank and Kazkommertsbank issued GDRs on the London Stock Exchange. Several Kazakhstan banks, including the Bank, also issued preference shares during the past few years as an alternative means of meeting capital adequacy requirements, although Bank TuranAlem and Bank CenterCredit subsequently converted these preference shares into common shares. In general, these preference shares have no voting rights and have guaranteed fixed dividends.

Although the major banks operating in Kazakhstan are domestic banks, the liberalisation of the economy in recent years has resulted in a number of foreign banks establishing operations in Kazakhstan. However, as foreign banks are not permitted to open a branch in Kazakhstan, they must establish a Kazakhstan subsidiary or joint venture or a representative office in order to operate as a bank in Kazakhstan. As at 31 December 2006, there were 14 banks with foreign participation operating in Kazakhstan, including ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Bank Kazakhstan.

Regulation

Following successful reforms in the banking sector during the 1990s, the Bank believes that Kazakhstan is recognised as having a strict bank regulatory regime relative to other countries in the CIS region. The bank regulatory regime in Kazakhstan is controlled by the NBK and, since 2004, the FMSA. The NBK and the FMSA are considering further modifications and the overall regulatory regime is expected to be in line with European Union standards by the end of 2007, with certain exceptions tailored for the local market.

The NBK and the FMSA

The NBK is the central bank of Kazakhstan and although it is an independent institution, it is subordinate to the President of Kazakhstan. The President has the power to, among other things, appoint and remove the NBK's Chairman (with the approval of Parliament), appoint and remove the NBK's Deputy Governors, confirm the annual report of the NBK on the recommendation of the Chairman, confirm the concept and design of the national currency and request information from the NBK.

The current Governor of the NBK, Anvar Saydenov, was appointed in 2004. The principal governing bodies of the NBK are the Executive Board and the Board of Directors. The Executive Board, the highest governing body of the NBK, consists of nine members, including the Chairman, four other representatives of the NBK, a representative of the President, two representatives of the Government and the Chairman of the FMSA. Currently, the principal task of the NBK is to ensure price stability in Kazakhstan. The NBK is also empowered to develop and conduct monetary policy, organise banking settlement systems, conduct currency regulation and control, assist in ensuring stability of the financial system and protect the interests of depositors with commercial banks.

Following legislative changes in July 2003, the FMSA was formed and, on 1 January 2004, took responsibility for most of the supervisory and regulatory functions in the financial sector, which were previously performed by the NBK. The FMSA is an independent institution reporting directly to the President. The President appointed Arman Dunayev, former Minister of Finance of Kazakhstan, as the Chairman of the FMSA in January 2006. The principal task of the FMSA is to regulate and supervise Kazakhstan's financial markets and financial institutions, including banks, insurance companies, pension funds and pension asset management companies, as well as professional participants in the securities market. The FMSA is empowered to, among other things, license financial institutions, approve prudential standards for them, approve, jointly with the NBK, the scope of financial reporting for financial institutions and monitor their activities, apply sanctions where necessary and participate in the liquidation of financial institutions.

Banking Reform and Supervision

Kazakhstan has a two-tier banking system, with the NBK comprising the first tier and all other commercial banks comprising the second tier. Generally, all credit institutions in Kazakhstan are required to be licensed and regulated by the FMSA.

Reform of the banking sector began in 1995 with the introduction of international prudential standards, including capital adequacy requirements and liquidity ratios to regulate and protect the banking sector, transparency requirements as to the auditing of banks by local and international auditors, harmonisation of local accounting practices to IFRS, and personnel training programmes.

In addition, to strengthen the banking industry, promote stability and move towards internationally accepted practices, the NBK required commercial banks to adopt recapitalisation and corporate enhancement plans with the aim of enhancing their ability to attract long-term, private investors. In 2000, guidelines were established for bank inspections and for periodic reporting by commercial banks to the NBK, now the FMSA. In 2003, all banks were requested to develop and implement internal risk management systems. The objective of these reforms was to bring supervisory practices closer to international standards to allow for a more transparent view of banks' levels of capitalisation and exposure to financial risks.

Capital Adequacy

The FMSA monitors compliance with capital adequacy standards (in compliance with international standards set by the Basel Committee), current liquidity ratios, maximum credit exposures to single borrowers and related parties, maximum investments in fixed and other non-financial assets and limits on contingent obligations and foreign exchange positions. Additionally, the FMSA develops regulations on problem asset classification and contingent obligations (similar to the World Bank's Guidelines for Asset Classifications) and loan loss reserves.

In November 2005, new regulations regarding regulatory capital and risk management came into effect in Kazakhstan. These regulations represent a substantial step towards the implementation of the Basel II Accord. In particular, the new regulations introduced the concepts of hybrid capital eligible to be included in Tier I and Tier II capital, Tier III capital (qualified subordinated debt) and operational and market risks, and include rules for calculating risk with respect to derivatives. Further, the new regulations established reduced capital adequacy ratios for banks whose shareholders are bank holding companies (such as SAFC, in the case of the Bank). A bank holding company is an entity, whether domestic or foreign, that owns at least 25.0 per cent. of the voting shares of a Kazakhstan bank and has received the FMSA's permission to be a bank holding company. Such reduced rates are 5.0 per cent. for the K1 ratio (compared to a generally applicable ratio of 6.0 per cent.) and 10.0 per cent. for the K2 ratio (compared to a generally applicable ratio of 12.0 per cent.).

In April 2007, in order to reduce the risks associated with rapid growth in the external debt of Kazakhstan banks, the FMSA enacted certain amendments to Kazakhstan's capital adequacy regulations. These regulations limit the total amount of "external liabilities" (including external loans and issued debt securities) which a bank can incur to a multiple of such bank's "own capital". The amendments set out several time limits for compliance. Banks in Kazakhstan will have until 1 January 2008 to bring their ratio of "external capital" to "own capital" to within intermediate ratios established by the amendments and, until 1 April 2008, to fully comply with the final ratios. The amendments provide for different final ratios depending upon the type of external liabilities. For debt securities issued by special purpose subsidiaries of the Bank and guaranteed by the Bank (such as Alliance Finance B.V. and OOO Alliance Finance), the Bank will be required to maintain a ratio of such debt securities to "own capital" of 5.5. For all other external liabilities (including external loans), the Bank will be required to maintain a ratio of 3.5. These amendments may result in banks exceeding the prescribed ratio and having to take steps to either repay foreign-sourced debt or increase their capital in order to avoid being in breach of the new regulations.

Reserve requirements

Effective as of 14 July 2006, the FMSA implemented new measures to raise reserve requirements for Kazakhstan banks in an effort to limit foreign currency debt issuances amid concerns regarding currency mismatches among second tier banks that have significant liabilities in foreign currencies while lending predominantly in Tenge. The new rules increased reserve requirements for currency borrowings from non-residents and borrowings through the issuance of notes and subordinated debt instruments (regardless of residence) to 8.0 per cent. from 6.0 per cent., although domestic borrowings from residents except as mentioned above will remain at 6.0 per cent.

Federal Deposit Insurance Fund

In December 1999, a self-funded domestic deposit insurance scheme was established and as at 31 December 2006, 33 banks, including subsidiaries of foreign banks and the Bank, were covered by the scheme. The insurance coverage is presently limited to personal time deposits in any currency and current accounts up to a maximum amount per customer (KZT 700,000) at any given bank. Only banks participating in the deposit insurance scheme are authorised to open accounts and take deposits from private individuals.

Other regulatory measures

Current legislation requires the FMSA to approve any acquisition of a shareholding of 10.0 per cent. or more (whether held independently or jointly with another legal entity) in a Kazakhstan bank. Furthermore, a foreign entity holding 10.0 per cent. or more of a Kazakhstan bank must have a minimum required credit rating from one of the international rating agencies.

To address concern about currency mismatches and to manage banks' liquidity, in 2006 the FMSA also tightened requirements to open/net currency positions and introduced various limits on currency liquidity. The FMSA has also suggested amendments to the rules of classification of loans issued by local banks by moving the emphasis from valuation of collateral to the financial condition of the borrowers.

In December 2006, the FMSA approved new rules on the classification of assets and provisioning and in April 2007, these rules came into effect. Although the principles of asset classification and provisioning remain substantially unchanged, the new rules have introduced more stringent requirements for portfolio supervision and credit evaluation of borrowers. For instance, under the new rules, mortgage loans and certain loans denominated in foreign currencies will be classified in lower categories to reflect their greater risk. The new rules also provide a more nuanced approach to loans based on the type of borrower. Finally, the FMSA is empowered under the new rules to demand banks to increase their provisions.

Claims in Bankruptcy

Article 74-2 of the Kazakhstan Law on Banks and Banking Activity provides that proceeds of the bankruptcy estate of an insolvent bank should be distributed among its creditors in the following order: (i) claims by individuals for compensation for wrongful death or damage to health; (ii) claims for payment under employment contracts; (iii) claims by the organisation which conducted mandatory deposit insurance in the amount it compensated for the insured deposits according to calculations provided by the insolvent bank; (iv) claims by individual depositors with respect to their accounts held and money transfers made with the insolvent bank as well as claims under deposits made on account of pension assets of pension funds and deposits of insurance companies that were made up of assets acquired under a "life insurance" policy; (v) claims by charitable and Second World War veterans' organisations, as well as organisations of invalids, with respect to their accounts held with the insolvent bank; (vi) claims of secured creditors; (vii) tax claims and payments under loans provided by the Government; and (viii) all other creditors' claims. Shareholders and GDR holders fall into group (viii) and therefore will only receive a distribution of any amounts remaining after all claims of other creditors are paid in full.

SELECTED CONSOLIDATED FINANCIAL DATA

Selected Condensed Financial Data

The selected consolidated financial data presented below as at and for the three months ended 31 March 2007 and 2006 and as at and for the years ended 31 December 2006, 2005 and 2004 have been derived from, and should be read in conjunction with, the Unaudited Interim Financial Statements and the Financial Statements, including the notes thereto, contained elsewhere in this Prospectus.

The Unaudited Interim Financial Statements and the Financial Statements have been prepared in accordance with IFRS.

Prospective investors should read this summary financial information in conjunction with the information contained in "*Risk Factors*", "*Capitalisation*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" and the Unaudited Interim Financial Statements and Financial Statements, including the notes thereto, and the other financial data contained elsewhere in this Prospectus.

Condensed Income Statement

	For the three months ended 31 March			For the years ended 31 December			
	2007		2006	2006		2005	2004
	(U.S.$ millions)(1) (unaudited)	*(KZT millions) (unaudited)*	*(KZT millions) (unaudited)*	*(U.S.$ millions)(2) (unaudited)*	*(KZT millions)*	*(KZT millions)*	*(KZT millions)*
Interest income	290	36,245	9,442	636	80,193	17,858	6,973
Interest expense	(155)	(19,365)	(6,176)	(320)	(40,350)	(11,604)	(4,205)
Net interest income before provision for impairment losses on interest bearing assets	135	16,880	3,266	316	39,843	6,254	2,768
Provision for impairment losses on interest-bearing assets	(16)	(2,029)	(2,593)	(111)	(14,032)	(4,921)	(1,305)
Net interest income	119	14,851	673	205	25,811	1,333	1,463
Net gain/(loss) on financial assets at fair value through profit or loss	(2)	(305)	(387)	3	334	266	127
Net gain on foreign exchange operations	.09	11	95	13	1,642	620	46
Fee and commission income	16	2,029	1,391	48	6,019	2,942	1,380
Fee and commission expense	(17)	(2,183)	(146)	(27)	(3,390)	(440)	(113)
Other income	6	687	162	7	853	846	247
Net non-interest income	2	239	1,115	43	5,458	4,234	1,687
Operating income	121	15,090	1,788	248	31,269	5,567	3,150
Operating expenses	(33)	(4,133)	(1,521)	(90)	(11,301)	(4,188)	(2,261)
Operating profit	88	10,957	267	158	19,968	1,379	889
Other provisions	(1)	(184)	(180)	(3)	(356)	(139)	(28)
Profit before income tax	87	10,773	87	155	19,612	1,240	861
Income tax (expense)/benefit	(20)	(2,466)	(183)	(44)	(5,602)	356	—
Net profit/(loss)	67	8,307	(96)	111	14,010	1,596	861
Earnings per share basic and diluted *(KZT)*	.01	1,378	(37)	.04	4,624	904	1,716

Notes:

(1) Translated at the average U.S. Dollar exchange rate for the three months ended 31 March 2007, as reported by the NBK, of KZT 124.85 = U.S.$1.00.

(2) Translated at the average U.S. Dollar exchange rate for the year ended 31 December 2006, as reported by the NBK, of KZT 126.09 = U.S.$1.00.

Condensed Balance Sheet

	As at 31 March		As at 31 December			
	2007	2007	2006	2006	2005	2004
	(U.S.$ millions)[(1)] (unaudited)	*(KZT millions) (unaudited)*	*(U.S.$ millions)[(2)] (unaudited)*		*(KZT millions)*	
Assets						
Cash and balances with the NBK	954	118,177	784	99,594	42,327	19,631
Financial assets at fair value through profit or loss	1,508	186,754	1,053	133,745	79,283	31,324
Due from banks	655	81,143	189	23,951	10,238	2,198
Loans to customers	5,580	691,074	4,996	634,547	184,079	58,424
Investments available-for-sale	41	5,014	41	5,176	11,109	5,467
Investments held-to-maturity	0.3	43	0.3	43	463	1,260
Property, equipment and intangible assets	114	14,066	101	12,782	2,181	1,036
Non-current assets held-for-sale	—	—	8	1,008	—	—
Income tax assets	—	—	—	—	559	116
Other assets	126	15,539	78	9,904	2,519	404
Total Assets	**8,978**	**1,111,810**	**7,250**	**920,750**	**332,758**	**119,860**
Liabilities and Equity						
Deposit from the NBK	32	4,000	16	2,000	6,000	4,000
Due to banks	2,961	366,721	2,858	363,005	98,780	26,056
Due to other financial institutions	207	25,656	198	25,174	987	—
Customer accounts	2,022	250,411	2,148	272,786	139,233	67,737
Debt securities issued	2,605	322,555	1,096	139,249	53,488	1,999
Income tax liabilities	24	2,977	16	2,012	—	—
Other liabilities	41	5,019	31	3,872	889	207
Subordinated debt	258	31,896	257	32,614	5,349	3,873
Total Liabilities	**8,150**	**1,009,235**	**6,620**	**840,712**	**304,726**	**103,872**
Equity[(3)]						
Share capital	599	74,247	472	60,013	24,904	14,994
Additional paid-in-capital	10	1,222	10	1,222	—	—
Reserves	19	2,304	18	2,335	695	111
Retained earnings	200	24,802	130	16,468	2,433	883
Total equity	828	102,575	630	80,038	28,032	15,988
Total Liabilities and Equity	**8,978**	**1,111,810**	**7,250**	**920,750**	**332,758**	**119,860**

Notes:

(1) Translated at the U.S. Dollar exchange rate as at 31 March 2007, as reported by the NBK, of KZT 123.84 = U.S.$1.00.

(2) Translated at the U.S. Dollar exchange rate as at 31 December 2006, as reported by the NBK, of KZT 127.00 = U.S.$1.00.

(3) Additional capital increases have been carried out after the balance sheet date, in April and May of 2007, adding KZT 22,133 million to share capital and bringing total share capital to KZT 96,375 million (U.S.$778 million) and shareholders' equity to KZT 124,708 million (U.S.$1,007 million).

	As at or for the three months ended 31 March		As at or for the years ended 31 December		
	2007	2006	2006	2005	2004
	(per cent. unless otherwise noted) (unaudited)		*(per cent. unless otherwise noted)*		
Combined Key Ratios					
Return on shareholders' equity[(1)]	36.4[(6)]	N/A	25.9	7.3	8.7
Net earnings per common share (*KZT*)	1,378	(37)	4,624	904	1,716
Cost/income ratio[(2)]	24.1	34.7	24.9	39.9	50.8
Operating expenses/operating income after provisions	27.4	85.1	36.1	75.2	71.8
Effective provisioning rate on average net loans[(1)]	1.2[(6)]	N/A	3.4	4.1	2.9
Effective tax rate	22.9	210.3	28.6	(28.7)	—
Profitability Ratios					
Net interest margin (before provisions)[(1)]	7.5[(6)]	N/A	7.1	3.0	3.8
Net interest margin (after provisions)[(1)]	6.6[(6)]	N/A	4.6	0.6	2.0
Operating expenses as a percentage of net interest income before provisions	24.5	46.6	28.4	67.0	81.7
Operating expense as a percentage of average total assets[(1)]	1.6[(6)]	N/A	1.8	1.9	2.7
Profit after taxation as a percentage of average total assets[(1)]	3.3[(6)]	N/A	2.2	0.7	1.0
Balance Sheet Ratios					
Customer accounts as a percentage of total assets	22.5	N/A	29.6	41.8	56.5
Net loans to customers as a percentage of total assets	62.2	N/A	68.9	55.3	48.7
Total equity as a percentage of total assets	9.2	N/A	8.7	8.4	13.3
Liquid assets as a percentage of customer accounts[(3)]	152.4	N/A	93.4	94.3	78.5
Liquid assets as a percentage of liabilities of up to one month[(3)]	343.9	N/A	169.4	209.2	124.7
Capital Adequacy Ratios[(4)]					
Total capital	18.3	N/A	15.6	13.3	27.1
Tier 1 capital	16.2	N/A	13.5	11.1	21.7
Asset Quality Ratios[(5)]					
Non-performing loans as a percentage of total gross loans based on KAS	5.1	N/A	3.6	2.0	3.0
Non-performing loans as a percentage of total loans and guarantees	5.1	N/A	3.4	1.9	2.6
Loan loss reserves as a percentage of non-performing loans	64	N/A	93	202.8	157.9
Loan loss reserves as a percentage of gross loans	3.2	N/A	3.2	3.9	4.3

Notes:

(1) Based on the average of the opening and closing balances of the relevant balance sheet item for the period.

(2) Cost to income ratio is calculated as total operating expenses divided by the sum of net interest income before provisions and non-interest income.

(3) Liquid assets include cash and balances with NBK, due from banks (with maturity of less than one month) and financial assets at fair value through profit or loss.

(4) Calculated in accordance with the Basel Accord, as currently in effect.

(5) During the periods under review, the Bank defined non-performing loans as gross loans which were more than 30 days overdue. Since 1 June 2007, the Bank categorises "Express" Loans which are more than 120 days overdue and all other loans which are more than 90 days overdue as non-performing. For more detail on the definition of non-performing loans used by the Bank and how the recent change would have impacted the calculation of non-performing loans as a percentage of total gross loans in the periods under review, see "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policy and Write-Offs*".

(6) Annualised.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion should be read in conjunction with the Financial Statements covering the years ended 31 December 2006, 2005 and 2004 and the Unaudited Interim Financial Statements covering the three month periods ended 31 March 2007 and 2006, including the notes thereto, included elsewhere in this Prospectus. All of the Bank's consolidated financial statements included in this Prospectus were prepared in accordance with IFRS. The forward-looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors".

Overview

Alliance Bank is a leading bank in Kazakhstan with particular strength in the retail and SME sectors. It is the largest retail lender in Kazakhstan, with KZT 314,168 million in retail loans as at 31 March 2007, which represents a 20 per cent. share of the market (source: NBK, market share based on KAS). The Bank's primary focus within the retail market is on high margin consumer lending products, including in particular "Express" Loans, an unsecured loan product which the Bank believes provides it with a leading market position. As at 31 March 2007, the Bank had approximately 1.6 million individual retail customers and an extensive customer database based on over 4.5 million loan applications.

Through its focus on retail lending, the Bank has grown from being the tenth largest lender in Kazakhstan's retail market, with KZT 9,010 million in retail loans as at 31 December 2004, to the largest such lender as at 31 March 2007, with KZT 314,168 million in retail loans. As a consequence of this rapid growth, the retail proportion of the Bank's loan portfolio increased over the same period from 15 per cent. to 45 per cent.

Over the period under review, the Bank has also built on its traditional strength in the SME market, which generally offers higher margins than the corporate sector. As at 31 March 2007, the Bank had KZT 187,515 million in SME loans (based on KAS), which Management believes represented one of the leading shares in the SME market in Kazakhstan. As in the retail market, the Bank believes that it distinguishes itself in SME lending by employing technology and credit scoring methodologies that allow credit risk to be assessed and loans to be processed quickly.

The Bank has recorded substantial increases in net interest income before provisions during the period under review. Net interest income before provisions for the year ended 31 December 2006 was KZT 39,843 million, compared to KZT 6,254 million for the year ended 31 December 2005 and KZT 2,768 million for the year ended 31 December 2004. Net interest income before provisions increased to KZT 16,880 million for the three months ended 31 March 2007 compared to KZT 3,266 million for the three months ended 31 March 2006. These increases were primarily attributable to the expansion of the Bank's loan portfolio and an increase in the share of retail loans in its portfolio, for which the Bank charges higher interest rates. The Bank's loan portfolio increased from KZT 58,424 million as at 31 December 2004 to KZT 184,079 million as at 31 December 2005 and to KZT 634,547 million as at 31 December 2006. As at 31 March 2007, the Bank's loan portfolio had increased to KZT 691,704 million. The Bank expects its loan portfolio to continue to grow in future periods, although at a slower rate than that experienced during the period under review.

Factors Affecting the Bank's Results of Operations

Kazakhstan's Economy

Substantially all of the Bank's operations and customers are located in Kazakhstan. Accordingly, the Bank's financial condition and results of operations are linked to macro-economic indicators in Kazakhstan, including growth in GDP and inflation. Kazakhstan's economy has experienced sustained growth during the past few years, driven primarily by increasing exports of oil and gas, which have been funded in part by foreign direct investment, as well as higher oil prices. Growth in the oil and gas sector has led to growth in other sectors, including oilfield services, construction, transportation and real estate and, to a lesser extent, financial services and trade. In 2000, Kazakhstan's government set up a National Fund to manage oil revenues and promote growth in non-oil sectors of the economy. The National Fund was fully integrated into the government's budget in July 2006. The government's efforts to diversify the economy, combined with strong domestic demand, have led to growth in Kazakhstan's non-oil economy. In particular, the agricultural sector has experienced strong growth in recent periods. GDP growth across all sectors of the economy has generated increased demand for financial services.

Following the introduction of the Tenge in 1993, Kazakhstan experienced high levels of inflation. The NBK subsequently introduced measures to reduce inflation, contributing to a reduction in inflation to single digit figures in 2001. Inflation has stabilised during the past few years, although recently Kazakhstan has experienced short periods of inflationary pressure. As inflation stabilised, the NBK was able to steadily reduce its refinancing rate, although it has been raising this rate gradually over the past three years. Lower interest rates have contributed to growth in Kazakhstan's mortgage market as well as the market for other financial products.

The following table sets forth certain macro-economic indicators for Kazakhstan for the years ended 31 December 2006, 2005 and 2004:

	Year ended 31 December		
	2006	**2005**	**2004**
Nominal GDP *(KZT billion)*	10,140	7,591	5,870
Real GDP growth *(year on year change in per cent.)*	10.6	9.5	9.6
Nominal GDP per capita *(KZT)*	659,259	499,240	389,516
Inflation—CPI *(per cent.)*	8.4	7.5	6.7

Source: NBK.

The Bank expects Kazakhstan's GDP to continue to grow during 2007 and 2008, driven by continued growth in oil and gas exports as well as strong domestic demand. Despite the efforts of the NBK to combat inflation, prices may continue to rise at rates similar to those experienced in recent periods. In order to combat inflation and to slow credit expansion, it is possible that the NBK may continue to raise interest rates, as it did during 2005 and 2006.

Growth of the loan portfolio and expansion and diversification of distribution network

The primary driver of the Bank's interest income growth during the period under review was the expansion of its loan portfolio. The Bank's loan portfolio grew at a compound annual growth rate of 230 per cent. from 31 December 2004 to 31 December 2006. This rapid growth was in turn influenced by the Bank's successful introduction of a new distribution strategy. Although the Bank has expanded its own branch network during this period, a significant part of the growth in loan origination has occurred through the Bank's alternative distribution channels, including Kazpost outlets, credit brokers and retail partners. The Bank began to originate "Express" Loans through Kazpost outlets in 2004 and through credit brokers and retail partners in 2006. For the year ended 31 December 2006 and the three months ended 31 March 2007, approximately 76 per cent. and 75 per cent., respectively, of the Bank's loans were originated through its alternative distribution channels. The Bank's use of these channels has allowed it to expand its lending activities quickly, resulting in rapid increases in interest income.

The Bank's decision to originate loans through alternative distribution channels represents a fundamental change in its business model. Accordingly, the Bank believes that the most significant changes in its income statement and balance sheet occurred in 2006. It also expects increases in its loan portfolio and its interest income in 2007 owing to the fact that it only began to use credit brokers and retail partners in February 2006, compared to all of 2007. Thereafter, the Bank expects growth to normalise, with more tempered increases in loans and interest income resulting from the expansion of its existing distribution channels.

Mix of loan portfolio

In addition to growth in the size of its loan portfolio, the Bank's results of operations are affected by changes in the mix of loans in the portfolio. In general, loans to corporate clients have lower yields than loans to retail clients, reflecting the greater overall risk of lending to retail customers. The Bank has increased the proportion of retail loans in its loan portfolio from 15 per cent. as at 31 December 2004 to 27 per cent. as at 31 December 2005 to 42 per cent. as at 31 December 2006 and to 45 per cent. as at 31 March 2007. The increase in the proportion of retail loans has contributed to the increase in the Bank's net interest margin, from 3.8 per cent. for the year ended 31 December 2004 to 7.1 per cent. for the year ended 31 December 2006 and 7.5 per cent. (on an annualised basis) for the three months ended 31 March 2007. In addition, the proportion of unsecured loans in the Bank's portfolio affects the yield of the Bank's loan portfolio. The Bank earns a higher margin on unsecured loans in light of the greater risks associated with such loans. In addition, the margin on "Express" Loans is positively impacted by the fact that, although such loans are payable in monthly instalments, interest is accrued throughout the life of the loan based on the full original principal amount of the loan rather than the remaining balance of the loan. During 2006 and 2007, the Bank increased the proportion of unsecured "Express" Loans in its portfolio, which also contributed to the improvement in its net interest margin. Largely as a result of the expansion of its "Express" Loan portfolio, the Bank's yield on loans to customers increased from 12.6 per cent. for the year ended 31 December 2005 to 18.4 per cent. for the year ended 31 December 2006 and to 19.9 per cent. for the three months ended 31 March 2007. On the other hand, the increased risk of retail lending, in particular unsecured lending, generally results in the Bank setting higher loan loss provisions, which has a negative impact on its profitability, although recently it has been able to contain increases in provisions through the insurance of its "Express" Loan portfolio.

Interest rates

As a significant portion of the Bank's assets and liabilities are interest-bearing, changes in prevailing interest rates, both in Kazakhstan and internationally, can materially affect its results. As a general matter, because the Bank has both interest-earning assets and interest-bearing liabilities, rising interest rates can lead to higher or lower interest margins, depending on whether the Bank's interest-earning assets reprice at a faster rate than its interest-bearing liabilities.

Lower inflation has allowed the NBK to reduce interest rates significantly since the early 1990s, when the refinancing rate was as high as 300 per cent. By 2001, the NBK had reduced its refinancing rate to 9 per cent. This sustained reduction in interest rates has contributed to increases in volumes of residential mortgage lending, which was uncommon in Kazakhstan prior to 2000, as well as other types of consumer financing, which have benefited the Bank. In addition, it has contributed to an increase in the proportion of mortgages which are denominated in Tenge, although a majority of mortgages in Kazakhstan are still denominated in U.S. Dollars. Since 2003, the NBK has steadily raised refinancing interest rates, from 7 per cent. as at 7 July 2003 to 9 per cent. as at 1 January 2007. An environment of higher interest rates may lead to lower demand for consumer lending, including mortgages, although thus far the Bank has continued to experience growth in its lending activities.

Trends in international interest rates also affect the Bank as it borrows internationally, including in U.S. Dollars. During 2005, the Bank issued a total of U.S.$350 million in bonds, and, in 2006, it established a U.S.$1.5 billion Debt Issuance Programme (which was subsequently increased to U.S.$3 billion in 2007), under which it issued a total of U.S.$600 million in notes during 2006 and €750 million and £250 million in notes during the first quarter of 2007. See *"Selected Statistical and Other Information — Funding — International Bonds"*. The Bank also has several facilities with international banks which are denominated in U.S. Dollars. See *"Selected Statistical and Other Information — Funding — Foreign Currency Bank Borrowings"*. In addition, a substantial portion of the Bank's assets are denominated in foreign currencies. As at 31 March 2007, 48 per cent. of the Bank's loan portfolio was denominated in foreign currencies, primarily U.S. Dollars. If interest rates in the United States were to decline, the Bank's cost of funding would decrease, which would tend to improve its profitability, although if the Bank failed to refinance its existing international borrowings, its results could be adversely affected.

In addition, the Bank's securities portfolio, which consists of both Tenge and U.S. Dollar denominated assets, is affected by changes in interest rates. Rising interest rates would, over time, increase the Bank's income from its securities portfolio but may at the same time reduce the market value of its pre-existing fixed income investment portfolio.

Non-performing loans

The level of non-performing loans in the Bank's loan portfolio affects its results of operations. As the Bank has expanded its "Express" Loan portfolio, the level of non-performing loans, which were defined as loans overdue by more than 30 days during the periods under review, has increased. During the first quarter of

2007, the Bank's non-performing loans as a percentage of its total gross loan portfolio based on KAS increased to 5.1 per cent. as at 31 March 2007, from 3.6 per cent. as at 31 December 2006 and 2.0 per cent. as at 31 December 2005. An increase in non-performing loans may cause the Bank to set higher provisions in the future based on its assessment of increased risk of default. Moreover, the classification of non-performing loans affects the Bank's results of operations, because it suspends accrual of interest on loans it considers to be non-performing. During the periods under review, the Bank included in non-performing loans all loans which were overdue for a period of 30 days or more. From 1 June 2007, the Bank has revised its policy and now classifies loans as non-performing depending upon the type of loan. For unsecured "Express" Loans, the Bank considers loans which are more than 120 days overdue to be non-performing. For all other loans, it does so for loans which are more than 90 days overdue. As a result of the change in policy, the interest income recognised by the Bank may be higher in future periods than it otherwise would have been.

In addition, the expected level of non-performing loans in the Bank's loan portfolio may affect the insurance premiums it pays to Alliance Policy. In May 2007, the Bank signed an agreement with Alliance Policy which provides that insurance premiums in respect of new loans shall be reconsidered twice per year, taking into account factors such as the quality of the loan portfolio and the expected level of non-performing loans. Accordingly, an increase in the expected level of non-performing loans may cause the Bank to become obliged to pay higher insurance premiums, which would increase its fee and commission expense, although this increase may be partially offset if the Bank elected to charge customers higher fees to cover the increased insurance expense.

Provisioning policies and insurance of "Express" Loans

The Bank's results of operations have been significantly affected by its provisioning policies in recent periods. Prior to June 2006, the Bank's policy had been to make immediate provisions for all unsecured loans, at the level of 5.0 per cent. of the principal amount of the loan. The provisioning charge was recognised immediately, whereas interest and commission income was recognised over the life of the loan. As a result of the rapid expansion of the Bank's unsecured loan portfolio during 2005, the Bank's provisions increased significantly, offsetting the increases in net interest income before provisions. Although net interest income before provisions increased from KZT 2,768 million for the year ended 31 December 2004 to KZT 6,254 million for the year ended 31 December 2005, an increase of 126 per cent., an increase in provisions caused net interest income after provisions to decrease over the same period, from KZT 1,463 million to KZT 1,333 million.

In June 2006, the Bank began insuring its "Express" Loan portfolio, which allowed it to reduce its provisions in absolute terms for the three months ended 31 March 2007 as compared to the three months ended 31 March 2006 and as a percentage of interest income during 2006 as compared to 2005. However, lower provisions were partially offset by the cost of insuring the portfolio. From June 2006 to April 2007 (when the Bank revised its provisioning policy), the Bank did not immediately record any provisions on unsecured loans which it insured, but rather recorded a provision only when the relevant loan was overdue. From June 2006 to October 2006, the Bank recorded provisions in respect of "Express" Loans which were one day overdue and from October 2006 to April 2007, the Bank recorded provisions in respect of "Express" Loans which were more than 30 days overdue. The policy of recording provisions only in respect of overdue "Express" Loans contributed to an increase in the Bank's net interest income after provisions and net profit during the periods under review. The increase in the Bank's net profit resulting from lower provisions was partially offset by the payment of insurance premiums to Alliance Policy for the insurance of its "Express" Loan portfolio, which are recognised in fee and commission expense. From June to October 2006, the entire amount of premiums paid to Alliance Policy was included in fee and commission expense, but since October 2006, the Bank has recognised insurance premiums over the life of the loans in respect of which they are paid, which has had a positive impact on profitability. Cumulatively to 31 March 2007, the Bank has paid KZT 11,038 million of insurance premiums in respect of "Express" Loans to Alliance Policy, of which Alliance Policy has paid out KZT 4,387 million in respect of unpaid loans.

Effective 1 May 2007, the Bank changed its provisioning policies in order to comply with recently implemented NBK regulations on provisioning. Under these new policies, loans are separated into two groups, loans for which provisions accrue on a case-by-case basis and homogeneous loans. As before, the Bank continues to determine provisions for the former group, which includes corporate and SME loans and secured consumer loans, based on analysis of historical loss experience and supervision of its loan portfolio. "Express" Loans are classified as homogeneous loans and the Bank must therefore accrue provisions in respect of its entire "Express" Loans portfolio rather than only overdue loans. The Bank estimates its maximum loss exposure for its "Express" Loan portfolio and then offsets the insurance premiums paid to Alliance Policy to arrive at a provisioning rate.

The Bank's estimate of its maximum loss exposure for "Express" Loans is based on historical data as well as the level of reinsurance of Alliance Policy's exposure to the Bank's loan portfolio. According to its new policy, the Bank will review historical data on a monthly basis and, if necessary, will revise its provisioning rate to reflect changes in its loss experience and other relevant factors. Although its provisioning policies have changed, the Bank does not believe that its new policies will have a significant effect on provisions in future periods as the blanket percentage for "Express" Loans is not expected to be significantly higher than provisions set in respect of overdue loans under its previous policies.

Treatment of up-front fees

The Bank treats up-front fees charged to customers differently depending upon the loan product in respect of which the fees are charged. Loan origination and other types of fees for corporate, SME and secured retail loans are generally recognised in full in the period during which they are received and are included in fee and commission income. In certain very limited circumstances, the Bank recognises commitment fees charged to corporate clients over the life of the loan. For instance, during 2005 and 2006, the Bank charged unusually high one-time fees to a small number of its corporate clients which were treated as interest income and recognised over the life of the loans granted. The Bank has also recently begun charging monthly maintenance fees on the total balance of "Express" Loans, which are included in fee and commission income.

For "Express" Loans, the Bank charges an up-front fee to its customers of 9 per cent. of the principal amount of the loan. The Bank recognises these up-front fees, net of sales commissions ranging between 2 and 4 per cent. which it pays to Kazpost and credit brokers, ratably over the life of the loan, rather than recognising them in full at the time of origination. The recognised amount of up-front fees is included in interest income. The insurance premium expense related to "Express" Loans, which is currently 5 per cent. of the principal amount of the loan, is recognised in fee and commission expense. Prior to October 2006, the Bank recognised the full amount paid to Alliance Policy in fee and commission expense, but since that time, the Bank has recognised the premiums over the life of the insured loans. The Bank's decision to offer loans with up-front fees and its inclusion of those fees in interest income (while the costs associated with such loans are included as fee and commission expense) contributed to the increases in interest income in 2005 and 2006. The contribution was greater in 2006 because of the inclusion of a full year of up-front fees, compared to only a quarter during 2005. In addition, the volume of loans for which up-front fees are charged was much higher in 2006 than in 2005. The Bank expects that up-front fees will increasingly contribute to interest income in future periods as it expands its retail loan portfolio.

Mix of funding base

The mix of the Bank's funding base can affect the Bank's results of operations. In general, if the Bank is able to rely on low cost sources of funding, such as demand deposits, its margins will be higher than if it relies upon higher cost sources of funding such as loans from other banks or debt securities issued in the international capital markets. For instance, for the year ended 31 December 2006, the average interest rate on the Bank's deposits, including current accounts, was 5.8 per cent., compared to the 9.25 per cent. coupon on the Eurobonds it issued in September 2006. Although the Bank expanded its retail deposits during 2005 and 2006, its deposit base actually decreased during the three months ended 31 March 2007, and it currently has a relatively low proportion of deposits in its funding base when compared with certain of its peers. As at 31 March 2007, customer deposits accounted for 25 per cent. of the Bank's funding base, with retail deposits comprising less than half of this amount. The Bank plans to increase the proportion of retail deposits in its funding base by introducing innovative products. It has also increased the proportion of demand deposits, which carry lower interest rates than time deposits, in its deposit base from 22 per cent. as at 31 December 2005 to 25 per cent. as at 31 March 2007.

In addition, although debt securities are generally a higher cost source of funding, if the Bank is able to issue securities at attractive yields, including through the use of securitisations, its cost of funding will tend to decrease, which would improve its profitability. In November 2006, for instance, it priced its securitisation of diversified payment rights, which was guaranteed by the Asian Development Bank, at an attractive margin. The issuance of long-term debt securities also assists the Bank with its asset and liability management.

Regulation

Regulations and policies promulgated by the NBK and the FMSA affect the Bank's results of operations. In particular, the capital adequacy requirements set by the FMSA have a significant impact on the Bank's funding and lending policies, which in turn impact its results of operations. The FMSA has set more restrictive capital adequacy requirements than international standards followed by most other banks. The FMSA currently requires the Bank to maintain a Tier I ratio of 5 per cent. and a total capital ratio of 10 per cent., as compared to BIS standards of 4 per cent. and 8 per cent., respectively (although the FMSA defines these ratios differently). As a result, the Bank is more restricted in its sources of funds than banks operating outside Kazakhstan. In addition, in April 2007, amendments to Kazakhstan's external funding regulations came into effect which limit the total amount of foreign borrowings a bank can incur to a multiple of such bank's "own capital". As a result of the amendments, the Bank may in the future be required to repay certain of its foreign borrowings or increase its capital to avoid violating FMSA regulations.

Similarly, the NBK's reserve requirements affect the Bank's results of operations by restricting the funds available for the Bank to lend to its customers. In order to combat inflation, the NBK raised the reserve requirement during 2005. In 2006, concerns over the pace of credit expansion and the level of foreign borrowings of Kazakhstan's banks prompted the NBK to expand the base upon which reserve requirements are calculated. The new rules increase reserve requirements for borrowings from non-residents and borrowings through the issuance of notes and subordinated debt instruments (regardless of residence) to 8 per cent., from 6 per cent. The NBK has also recently placed restrictions on short-term borrowing by Kazakhstan's banks. Both the FMSA's proposed amendments to Kazakhstan's external funding regulations and the NBK's new rules on reserve requirements would restrict the Bank's foreign borrowings, thereby limiting its sources of capital, which would tend to constrain growth in its loan portfolio and interest income.

Taxes

The current statutory income tax rate in Kazakhstan is 30 per cent. The Bank did not pay taxes in respect of the year ended 31 December 2004 and recorded an income tax benefit in 2005. Its effective tax rate was 29 per cent. for the year ended 31 December 2006. The Bank's effective tax rate is generally less than the statutory rate because not all of the Bank's income is taxable. For example, interest received on residential mortgages and government securities is currently not taxable, although the exclusions for these types of income are expected to be eliminated in the near future. In addition, the Bank has in the past used certain investment incentives to reduce its tax liability. In 2005, for instance, the Bank derived an income tax benefit in part from the use of these incentives. However, these incentives were repealed in 2006.

The Bank's tax position is also affected by its proportion of capital from non-residents. The Bank is entitled to deduct 100 per cent. of interest paid to residents of the Republic of Kazakhstan but is only entitled to deduct a portion of interest paid to non-residents. However, entities domiciled in countries with which Kazakhstan has concluded a double taxation treaty are considered residents for purposes of this tax legislation. Therefore, the domicile of the banks from which Kazakhstan borrows money will affect its tax position. For instance, during 2007, the Republic of Kazakhstan concluded a double taxation treaty with Austria, which allows it to deduct 100 per cent. of interest paid to Raiffeisen Zentralbank, a bank domiciled in Austria. Prior to 2007, the Bank was entitled to deduct only a portion of interest payable to this bank. The double taxation treaty contributed to a lower effective tax rate during the three months ended 31 March 2007 as compared to the same period in the prior year. In addition, the proportion of interest paid to non-residents which is deductible for tax purposes is determined based on the ratio of the Bank's "own capital" to liabilities. Therefore, an increase in its share capital will also tend to reduce its tax liability. The capital increases during the first three months of 2007 therefore also contributed to the lower effective tax rate for this period.

In addition, general developments in taxation in Kazakhstan may affect the Bank's results of operations in future periods. For instance, Kazakhstan's government plans to introduce a series of tax incentives during 2007 and 2008 which are expected to benefit Kazakhstan's economy, and which could in turn have a positive effect on the Bank's results of operations. The VAT rate is scheduled to be reduced from 15 per cent. to 14 per cent. during 2007, and it is possible that payroll taxes may be reduced during 2008. Changes to the payroll tax rate would reduce the Bank's operating expenses, which would improve its cost to income ratio.

Seasonality

The bank experiences a certain degree of seasonality with regard to growth in its loan and deposit portfolios. The Bank's retail customers tend to spend more during holiday periods, and the Bank therefore disburses more loans in these periods. In addition, corporate customers in certain industries are exposed to seasonal effects which in turn influences their financing requirements. In particular, construction companies, which accounted for 14 per cent. of the Bank's loan portfolio as at 31 March 2007, generally complete more projects in the summer and autumn months and accordingly tend to have greater financing requirements in the second and third quarters as compared to the first and fourth quarters. In general, the Bank's loan and deposit growth is slowest in the first quarter. Seasonal effects contributed to the decline in deposits during the three months ended 31 March 2007. Among other things, as a result of seasonal fluctuations in loan and deposit growth, the results of operations presented for the three months ended 31 March 2007 and 2006 may not be representative of the Bank's performance for the entire year.

Significant Accounting Policies and Key Assumptions

The Bank's accounting policies are integral to understanding the results of operations and financial condition presented in the consolidated financial statements and notes thereto. The Bank's significant accounting policies are described in Note 3 to each of the Financial Statements and the Unaudited Interim Financial Statements appearing elsewhere in this Prospectus. The preparation of these financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the relevant period. On an ongoing basis, Management evaluates its estimates and judgments, including those related to provisions, reserves for insurance claims, the carrying values of property and investments, income taxes and deferred taxes, financing operations and contingencies, litigation and arbitration. Management bases its estimates and judgments on historical experience and on various other factors believed to be reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions. Estimates that are particularly susceptible to change relate to the provisions for impairment losses, the fair value of financial instruments and property revaluation. See Note 2 to the Financial Statements.

Results of Operations for the Three Month Periods Ended 31 March 2007 and 2006

The following table presents the Bank's results of operations for the three month periods ended 31 March 2007 and 2006:

	Three months ended 31 March	
	2007	**2006**
	(KZT millions, unaudited)	
Interest income	36,245	9,442
Interest expense	(19,365)	(6,176)
Net interest income before provisions for impairment losses on interest bearing assets	16,880	3,266
Provisions for impairment losses on interest bearing assets	(2,029)	(2,593)
Net interest income	14,851	673
Net loss on financial assets at fair value through profit or loss	(305)	(387)
Net gain on foreign exchange operations	11	95
Fee and commission income	2,029	1,391
Fee and commission expense	(2,183)	(146)
Other income	687	162
Net non-interest income	239	1,115
Operating income	15,090	1,788
Operating expense	(4,133)	(1,521)
Operating profit	10,957	267
Other provisions	(184)	(180)
Profit before income tax	10,773	87
Income tax expense	(2,466)	(183)
Net profit/(loss)	**8,307**	**(96)**

Interest income, interest expense, net interest income and provisions for impairment losses on interest-bearing assets

The Bank's net interest income after provisions increased by 2,107 per cent. to KZT 14,851 million for the three months ended 31 March 2007 from KZT 673 million for the three months ended 31 March 2006. The increase was primarily due to the expansion of the Bank's loan portfolio, in particular its retail loan portfolio. In addition, the Bank was able to reduce its provisions by 22 per cent. as a result of its decision to insure its "Express" Loan portfolio. Whereas during the three months ended 31 March 2006 the Bank recorded provisions in the amount of 5 per cent. of the principal amount of each "Express" Loan, during the three months ended 31 March 2007 the Bank did not record provisions for the "Express" Loans it insured with Alliance Policy until they were more than 30 days overdue. Further, while the insurance premiums paid to Alliance Policy are included in fee and commission expense, the Bank recognises the fees it charges to customers to cover the cost of insuring "Express" Loans, net of commissions paid to Kazpost and credit brokers, and includes those fees in interest income. This contributed to the increase in interest income during the three months ended 31 March 2007, as compared to the three months ended 31 March 2006.

The following table sets out the components of the Bank's net interest income for the periods indicated:

	Three months ended 31 March	
	2007	2006
	(KZT millions, except percentages)	
Interest income	36,245	9,442
Interest expense	(19,365)	(6,176)
Net interest income before provisions	16,880	3,266
Provisions	(2,029)	(2,593)
Net interest income	**14,851**	**673**
Key ratios (percentages)		
Net interest (percentages) margin (before provisions)(1)	7.5	N/A
Net interest margin (after provisions)(1)	6.6	N/A
Provisions/net interest income before provisions	12.0	79.4
Provisions/average net loans(1)	1.2	N/A
Provisions (adjusted to include insurance premiums)/average net loans(1)	2.3	N/A

Note:

(1) Annualised, based on the average of the opening and closing balances of the relevant balance sheet item for the period.

Net interest income before provisions

Net interest income before provisions increased by 417 per cent. to KZT 16,880 million for the three months ended 31 March 2007 from KZT 3,266 million for the three months ended 31 March 2006. The increase was due to the expansion of the Bank's loan portfolio and an increase in the average yield of its loan portfolio. One of the primary factors which enabled the Bank to expand its loan portfolio was its decision to originate "Express" Loans through credit brokers in February 2006. The higher levels of loan origination were therefore realised for only a portion of the three months ended 31 March 2006, compared to the entire three months ended 31 March 2007. Since the Bank charges significantly higher interest rates for "Express" Loans than for its other loan products, this also contributed to a higher yield on the Bank's loan portfolio. The Bank's net interest margin increased to 7.5 per cent. (on an annualised basis) for the three months ended 31 March 2007, compared to 7.1 per cent. for the year ended 31 December 2006, which reflected the impact of a higher margin product mix.

Interest income

The following table sets forth the principal components of the Bank's interest income as well as the yields for each type of interest-earning asset for the periods indicated:

	Three months ended 31 March	
	2007	**2006**
	(KZT millions, except percentages)	
Interest on loans to customers	33,445	8,258
Yield on loans to customers(1)	19.9%	N/A
Interest on debt securities	1,811	1,048
Yield on debt securities(1)	4.5%	N/A
Interest on due from banks	989	136
Yield on due from banks(1)	7.5%	N/A
Total interest income	**36,245**	**9,442**
Yield on interest-earning assets(1)	**16.1%**	**N/A**

Note:

(1) Annualised, based on the average of the opening and closing balances of interest-earning assets for the period.

Interest income increased by 284 per cent. to KZT 36,245 million for the three months ended 31 March 2007 from KZT 9,442 million for the three months ended 31 March 2006. The increase was mainly due to growth in the Bank's loan portfolio and an increase in the proportion of retail loans, for which the Bank charges higher interest rates.

Interest on loans to customers. Interest income on loans to customers increased by 305 per cent. to KZT 33,445 million for the three months ended 31 March 2007 from KZT 8,258 million for the three months ended 31 March 2006. The increase was due to growth in the Bank's loan portfolio as well as a higher proportion of retail loans. Although the Bank began originating "Express" Loans in 2005, it did not begin originating them through credit brokers until February 2006. The decision to originate these types of loans through credit brokers was a significant contributor to the expansion of the Bank's loan portfolio, which influenced the Bank's results for only a portion of the three months ended 31 March 2006, compared to the entire three months ended 31 March 2007. The increase in the proportion of "Express" Loans, for which the Bank charges higher interest rates than for its other loan products, also contributed to a higher average yield on the Bank's loan portfolio. The higher balance of "Express" Loans and other types of consumer loans also led to higher up-front fees charged to customers in the three months ended 31 March 2007 as compared to 31 March 2006. These fees, net of commissions charged by credit brokers, are recognised over the life of the relevant loan granted, and are included in interest income.

Interest on debt securities. Interest income on debt securities increased by 73 per cent. to KZT 1,811 million for the three months ended 31 March 2007 from KZT 1,048 million for the three months ended 31 March 2006. The increase was mainly due to growth in the size of the Bank's securities portfolio as a result of excess liquidity from the Bank's bond issuances during the first three months of 2007. The Bank issued €750 million and £250 million of Eurobonds under its Debt Issuance Programme during this period. The investment of the proceeds of these issuances in short-term securities caused the Bank's portfolio of financial assets at fair value through profit or loss to increase to KZT 186,754 million as at 31 March 2007. The average yield on the Bank's debt securities also increased as a result of the inclusion of higher yielding bonds of Kazakhstan corporates and financial institutions in the securities portfolio.

Interest on due from banks. Interest income on due from banks increased by 627 per cent. to KZT 989 million for the three months ended 31 March 2007 from KZT 136 million for the three months ended 31 March 2006. The increase was mainly due to higher balances of overnight deposits to banks as a result of excess liquidity from the Bank's bond issuances during the first three months of 2007.

Interest expense

The following table sets out certain information relating to the Bank's interest expense for the periods indicated:

	Three months ended 31 March	
	2007	**2006**
	(KZT millions, except percentages)	
Interest on customer accounts	4,201	2,552
Average interest rate on customer accounts[(1)]	6.5%	N/A
Interest on due to banks	8,197	2,123
Average interest rate on due to banks[(1)]	8.4%	N/A
Interest on debt securities issued	6,203	1,317
Average interest rate on securities[(1)]	11.0%	N/A
Interest on subordinated debt	691	134
Average interest rate on subordinated debt[(1)]	8.6%	N/A
Other interest expense	73	50
Average interest rate on other liabilities[(1)]	–	N/A
Total interest expense	**19,365**	**6,176**
Average interest rate on interest-bearing liabilities[(1)]	**9.0%**	**N/A**

Note:

(1) Annualised, based on the average of the opening and closing balances of interest-bearing liabilities for the period.

Interest expense increased by 214 per cent. to KZT 19,365 million for the three months ended 31 March 2007 from KZT 6,176 million for the three months ended 31 March 2006. The increase was mainly due to an increase in customer accounts and debt securities in issuance. The Bank issued several tranches of Eurobonds during 2006 and the first three months of 2007 under its Debt Issuance Programme, which it established in April 2006. In addition, due to banks contributed to the increase in interest expense.

Interest on customer accounts. Interest expense on customer accounts increased by 65 per cent. to KZT 4,201 million for the three months ended 31 March 2007 from KZT 2,552 million for the three months ended 31 March 2006. The increase was due to the expansion of the Bank's deposit base from the first quarter of 2006 to the first quarter of 2007. The average interest rate paid on customer accounts did not change substantially.

Interest on due to banks. Interest on due to banks increased by 286 per cent. to KZT 8,197 million for the three months ended 31 March 2007 from KZT 2,123 million for the three months ended 31 March 2006. The increase was primarily due to an increase in the Bank's borrowings from other banks. In June 2006, November 2006 and December 2006, the Bank entered into syndicated loan facilities of U.S.$400 million and U.S.$300 million and U.S.$160 million, respectively. In addition, it entered into several bilateral loan agreements during the last three quarters of 2006, which increased its total borrowings. Although due to banks did not increase significantly during the three months ended 31 March 2007, these borrowings contributed to an increase in due to banks during the nine months ended 31 December 2006. The average interest rate paid on due to banks did not change substantially.

Interest on debt securities issued. Interest on debt securities issued increased by 371 per cent. to KZT 6,203 million for the three months ended 31 March 2007 from KZT 1,317 million for the three months ended 31 March 2006. The increase was due to the issuance of several tranches of debt securities under the Bank's U.S.$3 billion Debt Issuance Programme, which it established in April 2006. The Bank issued debt securities under its Debt Issuance Programme in April 2006 and September 2006, in the amounts of U.S.$250 million and U.S.$350 million, respectively. In addition, the Bank issued €750 million and £250 million in debt securities under this programme during the three months ended 31 March 2007.

Interest on subordinated debt. Interest on subordinated debt increased by 416 per cent. to KZT 691 million for the three months ended 31 March 2007 from KZT 134 million for the three months ended 31 March 2006. The increase was primarily due to the Bank's issuance of several tranches of subordinated debt during 2006 and the three months ended 31 March 2007, including U.S.$150 million of International Perpetual Subordinated Bonds, issued through ALB Finance B.V., in April 2006 and a Tenge denominated issuance of subordinated debt in July 2006, which added KZT 4,846 million in subordinated debt to the Bank's balance sheet as at 31 March 2007.

Loan loss provisions

Provisions decreased by 22 per cent. to KZT 2,029 million for the three months ended 31 March 2007 from KZT 2,593 million for the three months ended 31 March 2006. The decrease in provisions primarily reflects the Bank's insurance of its "Express" Loan portfolio, which it commenced in June 2006. As a result of this policy, during the three months ended 31 March 2007, the Bank recorded provisions on "Express" Loans only for those loans which were more than 30 days overdue. By contrast, during the three months ended 31 March 2006, the Bank recorded a 5 per cent. up front provision in respect of each "Express" Loan granted. Beginning 1 May 2007, the Bank revised its provisioning policies in response to changes in Kazakhstan legislation. Currently the Bank makes a monthly assessment of the risk profile of the aggregate portfolio of unsecured loans, considering insurance coverage, historic repayment and default levels, and other relevant data. Based on this assessment, the Bank adjusts the amount of provisions for the aggregate portfolio of unsecured loans on a monthly basis.

During the first quarter of 2007, the Bank's non-performing loans, which the Bank defined as loans which were more than 30 days overdue, increased to 5.1 per cent. as at 31 March 2007, from 3.6 per cent. as at 31 December 2006 as a percentage of total gross loans based on KAS. The increase was largely due to the expansion of the "Express" Loan portfolio, which experienced increases in loans overdue by more than 30 days as the portfolio matured. Further, although loans overdue by more than 30 days have remained relatively stable since 31 March 2007, loans overdue by more than 90 days have been increasing, although Management believes that this trend is largely the result of collection agents' difficulty in processing a high volume of overdue loans.

The Bank's net write-offs were KZT 37 million (representing gross write-offs of KZT 39 million less KZT 2 million in recoveries) for the three months ended 31 March 2007, compared to KZT 117 million in gross write-offs for the three months ended 31 March 2006.

Non-interest income

The following table sets out certain information on the Bank's non-interest income for the periods indicated:

	Three months ended 31 March	
	2007	**2006**
	(KZT millions, unaudited)	
Net loss on financial assets at fair value through profit or loss	(305)	(387)
Net gain on foreign exchange operations	11	95
Fee and commission income	2,029	1,391
Fee and commission expense	(2,183)	(146)
Other income	687	162
Net non-interest income	**239**	**1,115**

Non-interest income decreased by 79 per cent. to KZT 239 million for the three months ended 31 March 2007 from KZT 1,115 million for the three months ended 31 March 2006. The decrease was mainly due to the Bank's decision to insure its "Express" Loan portfolio in June 2006. The insurance premiums paid to Alliance Policy of KZT 1,825 million for the three months ended 31 March 2007 are included in fee and commission expense. Although the Bank passes the cost of insuring "Express" Loans on to its customers, the up-front fee covering insurance and other administrative costs, net of sales commissions paid to credit brokers, is included in interest income rather than fee and commission income.

Financial assets at fair value through profit or loss

For the three months ended 31 March 2007, the Bank realised a net loss on financial assets at fair value through profit or loss of KZT 305 million, compared to a net loss of KZT 387 million for the three months ended 31 March 2006. The losses during these periods were attributable to short-term fluctuations in interest rates and exchange rates. However, the losses were offset by the trading activities of the Bank, including income from forward contracts.

Foreign exchange operations

The Bank realised a net gain from foreign exchange operations of KZT 11 million for the three months ended 31 March 2007, compared to a net gain of KZT 95 million for the three months ended 31 March 2006. As the Bank increasingly availed itself of international sources of funding during 2005 and 2006, it began managing currency risk through trading, in order to minimise the impact of fluctuations of exchange rates. These activities were the primary driver of the increase in gain from foreign exchange operations for the three months ended 31 March 2007, compared to the corresponding period in the prior year.

Net fees and commissions

The Bank recorded net fee and commission expense of KZT 154 million for the three months ended 31 March 2007, compared to net fee and commission income of KZT 1,245 million for the three months ended 31 March 2006. The decrease in net fee and commission income was due to the Bank's inclusion of insurance premiums paid to Alliance Policy in fee and commission expense for the three months ended 31 March 2007.

The following table presents a breakdown of net fee and commission income for the three month periods ended 31 March 2007 and 2006:

	Three months ended 31 March	
	2007	**2006**
	(KZT millions, unaudited)	
Cash operations	628	259
Lending operations	585	511
Documentary operations	320	273
Settlements	239	146
Foreign currency and security operation	136	67
Trust operations	19	20
Other	102	115
Total fee and commission income	**2,029**	**1,391**
Insurance premium to related party	1,825	—
Collection services	142	—
Plastic card operations	53	10
Settlement bank services	50	17
Documentary operations	30	8
Foreign currency and security operations	23	16
Customer accounts serviced by financial agents	9	—
Eurobonds and syndicated loans	1	14
Other	50	81
Total fee and commission expense	**2,183**	**146**
Net fee and commission income	**(154)**	**1,245**
Net fee and commission income before insurance expense	**1,671**	**1,245**

Fee and commission income. Fee and commission income increased by 46 per cent. to KZT 2,029 million for the three months ended 31 March 2007 from KZT 1,391 million for the three months ended 31 March 2006. The increase was mainly due to higher fee and commission income from cash operations, documentary operations, which includes guarantees and letters of credit, settlements and foreign currency and securities operations. These increases were in turn due to a higher volume of transactions as a result of growth in the Bank's business and the expansion of its branch network.

Fee and commission expense. Fee and commission expense increased by 1,395 per cent. to KZT 2,183 million for the three months ended 31 March 2007 from KZT 146 million for the three months ended 31 March 2006. The increase was primarily due to the Bank's insurance of its "Express" Loan portfolio with Alliance Policy, which it commenced in June 2006. Since October 2006, the Bank has recognised the premiums it pays to Alliance Policy over the life of the loans insured. The inclusion of insurance premiums added KZT 1,825 million of fee and commission expenses for the three months ended 31 March 2007. Other expenses, including plastic card operations expenses and settlement bank services, increased only slightly as compared to the three months ended 31 March 2006.

Other income

Other income, which comprises mainly default fees collected by the Bank from its customers, increased to KZT 687 million for the three months ended 31 March 2007 from KZT 162 million for the three months ended 31 March 2006.

Operating expenses

The following table sets forth the composition of the Bank's operating expenses for the periods indicated:

	Three months ended 31 March	
	2007	2006
	(KZT millions, except percentages, unaudited)	
Staff costs	1,629	644
Advertising and marketing expenses	194	220
Operating lease	373	96
Payments to Deposit Insurance Fund	299	36
Depreciation and amortisation	441	128
Taxes, other than income tax	151	82
Expenses on insurance	126	8
Social tax	160	76
Repair and maintenance	119	24
Telecommunications expenses	66	24
Consulting	85	27
Business trip and related expenses	56	28
Stationery	42	14
Security service	49	17
Building maintenance	36	15
Transportation costs	25	10
Legal services expenses	35	1
Cash collection	24	5
Training	13	4
Information services	9	5
Representative expenses	63	16
Image creation expenses	30	1
Charity	20	22
Working clothes	16	—
Postal Services	11	5
Other	61	13
Total operating expenses	**4,133**	**1,521**
Key ratios (percentages)		
Cost/income	24.1	34.7
Staff costs/total expenses	39.4	42.3
Costs/average assets(1)	1.6	N/A

Note:

(1) Based on the average of the opening and closing balances of total assets for the period.

Operating expenses increased by 172 per cent. to KZT 4,133 million for the three months ended 31 March 2007 from KZT 1,521 million for the three months ended 31 March 2006 as a result of the general expansion of the Bank's business. Moreover, the increase was mainly due to higher staff costs as a result of the Bank's expansion of its branch network. In addition, depreciation and amortisation and operating lease payments resulting from expansion of the branch network and information technology investments contributed to the increase. The Bank's payments to the Kazakhstan Deposit Insurance Fund ("KDIF") also increased as a result of a change in the mechanism for calculating contributions. The Bank's cost to income ratio improved to 24.1 per cent. for the three months ended 31 March 2007 from 34.7 per cent. for the three months ended 31 March 2006.

Staff costs

Staff costs increased by 153 per cent. to KZT 1,629 million for the three months ended 31 March 2007 from KZT 644 million for the three months ended 31 March 2006. The increase was mainly due to an increase in the number of employees. As at 31 March 2007, the Bank had 5,086 employees, compared to 4,173 as at

31 December 2006 and 1,831 as at 31 December 2005. The increase in the number of employees was in turn due to the expansion of the Bank's branch network, in particular the addition of mini-branches, during 2006 and the first quarter of 2007.

Depreciation and amortisation

Depreciation and amortisation increased by 245 per cent. to KZT 441 million for the three months ended 31 March 2007 from KZT 128 million for the three months ended 31 March 2006. The increase was mainly due to additions to plant, property and equipment in connection with the expansion of the Bank's branch network. Since the beginning of 2007, the Bank has begun to pursue a new strategy of owning, rather than leasing, its properties, including its new head office. This policy contributed to higher capital expenditure during the three months ended 31 March 2007, which the Bank expects will in turn contribute to higher depreciation and amortisation in future periods. In addition to depreciation and amortisation relating to the Bank's branch network, depreciation of investments in information technology, including the upgrade of the Bank's automated scoring system, contributed to the increase.

Operating lease expenses

Operating lease payments increased by 289 per cent. to KZT 373 million for the three months ended 31 March 2007 from KZT 96 million for the three months ended 31 March 2006. The increase was mainly due to the Bank's continued expansion of its branch network, which led to higher rent payments in respect of the branch sites which it leases. The majority of the Bank's branches and mini-branches are leased rather than owned. The Bank has recently begun to pursue a strategy of owning, rather than leasing, its properties, including its new head office. Although the Bank expects operating lease expenses to continue to increase, it expects that this strategy may allow it to contain increases in the future.

Payments to Deposit Insurance Fund

The Bank has an obligation to pay premiums to the KDIF in respect of its insured customer deposits. Premiums paid to the KDIF increased by 731 per cent. to KZT 299 million for the three months ended 31 March 2007 from KZT 36 million for the three months ended 31 March 2006. The increase was mainly due to a change in the mechanism for calculating the rate of contributions. As a result of this change, the Bank's contribution rate increased from 0.16 per cent. of deposits for the three months ended 31 March 2006 to 0.25 per cent. of deposits for the three months ended 31 March 2007. In addition, the expansion of the Bank's deposit base contributed to the increase in KDIF premiums.

Other provisions

Other provisions include mainly provisions in respect of the Bank's guarantees and other commitments. These provisions remained stable, increasing only slightly to KZT 184 million for the three months ended 31 March 2007, compared to KZT 180 million for the three months ended 31 March 2006.

Income Tax

The current statutory corporate income tax rate in Kazakhstan is 30 per cent. The Bank's effective tax rate was 22.9 per cent. for the three months ended 31 March 2007, compared to 210.3 per cent. for the three months ended 31 March 2006.

The following table presents certain information regarding corporate income tax payable by the Bank:

	Three months ended 31 March	
	2007	**2006**
	(KZT millions, except percentages)	
Profit before income tax	10,773	87
Income tax expense	(2,466)	(183)
Net profit/(loss)	8,307	(96)
Effective tax rate	22.9%	210.3%

The Bank recorded a tax expense of KZT 2,466 million for the three months ended 31 March 2007, which resulted in an effective tax rate of 22.9 per cent. The main reason for the decrease in effective tax rate was the increase in allowable deductions for interest expense. The Bank is entitled to deduct only a portion of the interest it pays to non-residents of the Republic of Kazakhstan. However, entities domiciled in countries with which Kazakhstan has entered into double taxation treaties are considered residents for purposes of the tax legislation. During 2006, Kazakhstan concluded a double taxation treaty with Austria, which allowed the Bank to deduct 100 per cent. of the interest it pays to Raiffeisen Zentralbank, a bank domiciled in Austria with which the Bank has entered into a syndicated loan agreement. By comparison, in the three months ended 31 March 2006, the Bank had been entitled to deduct only a portion of the interest paid to Raiffeisen Zentralbank. In addition, the amount of interest paid to non-residents which is deductible for tax purposes is determined based on a ratio of the Bank's own capital to its total liabilities. Accordingly, the capital increases during 2006 and the first three months of 2007 increased the amount of interest expense deductible by the Bank. The Bank's effective tax rate was also lower than the statutory tax rate as a result of certain exclusions of income for tax purposes, including the exclusion of income from mortgage loans and income from state securities.

The Bank recorded a tax expense of KZT 183 million for the three months ended 31 March 2006, resulting in an effective tax rate of 210.3 per cent. The Bank recorded tax expense at a rate greater than the statutory rate as a result of the nondeductibility of certain interest expense for tax purposes, due in part to the restrictions on deducting interest described in the previous paragraph.

Results of Operations for the Years ended 31 December 2006, 2005 and 2004

The following table presents the Bank's results of operations for the years ended 31 December 2006, 2005 and 2004:

	Year ended 31 December		
	2006	**2005**	**2004**
	(KZT millions)		
Interest income	80,193	17,858	6,973
Interest expense	(40,350)	(11,604)	(4,205)
Net interest income before provisions for impairment losses on interest bearing assets	39,843	6,254	2,768
Provisions for impairment losses on interest bearing assets	(14,032)	(4,921)	(1,305)
Net interest income	25,811	1,333	1,463
Net gain on financial assets at fair value through profit or loss	334	266	127
Net gain on foreign exchange operations	1,642	620	46
Fee and commission income	6,019	2,942	1,380
Fee and commission expense	(3,390)	(440)	(113)
Other income	853	846	247
Net non-interest income	5,458	4,234	1,687
Operating income	31,269	5,567	3,150
Operating expenses	(11,301)	(4,188)	(2,261)
Operating profit	19,968	1,379	889
Other provisions	(356)	(139)	(28)
Profit before income tax	19,612	1,240	861
Income tax (expense)/benefit	(5,602)	356	—
Net profit	**14,010**	**1,596**	**861**

Interest income, interest expense, net interest income and provisions for impairment losses on interest-bearing assets

The Bank's net interest income after provisions increased by 1,836 per cent. to KZT 25,811 million for the year ended 31 December 2006 and decreased by 9 per cent. from KZT 1,333 million for the year ended 31 December 2005, compared to KZT 1,463 million for the year ended 31 December 2004. The increase in net interest income after provisions in 2006 was mainly due to the expansion of the Bank's loan portfolio, which was in turn mainly due to overall growth in the market as well as the Bank's strategy to originate loans through alternative distribution channels, which was introduced in February 2006. The decrease in net interest income for 2005 was due to an increase in provisions compared to the year ended 31 December 2004, as a result of the expansion of the Bank's retail loan portfolio and an increase in the proportion of unsecured loans in its portfolio. During 2006, the Bank began insuring its "Express" Loan portfolio, which allowed it to limit the increase in provisions to a smaller increase than it otherwise would have recorded. See "*—Factors Affecting the Bank's Results of Operations — Provisioning Policies and Insurance of "Express" Loans*".

The following table sets out the components of the Bank's net interest income for the periods indicated:

	Year ended 31 December		
	2006	**2005**	**2004**
	(KZT millions, except percentages)		
Interest income	80,193	17,858	6,973
Interest expense	(40,350)	(11,604)	(4,205)
Net interest income before provisions	39,843	6,254	2,768
Provisions	(14,032)	(4,921)	(1,305)
Net interest income	**25,811**	**1,333**	**1,463**
Key ratios (percentages)			
Net interest margin (before provisions)(1)	7.1	3.0	3.8
Net interest margin (after provisions)(1)	4.6	0.6	2.0
Provisions/net interest income before provisions	35.2	78.7	47.2
Provisions/average net loans(1)	3.4	4.1	2.9
Provisions (adjusted to include insurance premiums)/average net loans(1)	4.1	4.1	2.9

Note:

(1) Based on the average of the opening and closing balances of the relevant balance sheet item for the period.

Net interest income before provisions

Net interest income before provisions increased by 537 per cent. to KZT 39,843 million for the year ended 31 December 2006 and by 126 per cent. to KZT 6,254 million for the year ended 31 December 2005, compared to KZT 2,768 million for the year ended 31 December 2004. These increases were mainly due to the expansion of the Bank's loan portfolio and, for the year ended 31 December 2006, an increase in net interest margin. The Bank's loan portfolio expanded from KZT 58,424 million as at 31 December 2004 to KZT 184,079 million as at 31 December 2005 and to KZT 634,547 million as at 31 December 2006.

The Bank's net interest margin before provisions increased to 7.1 per cent. for 2006 from 3.0 per cent. for 2005. The increase in net interest margin during 2006 was mainly due to an increase in the average yield on customer loans, which was in turn due largely to an increase in the proportion of retail loans in the Bank's loan portfolio, in particular uncollateralised "Express" Loans. The positive effect on net interest margin was partially offset by the impact of a higher proportion of more costly debt securities and subordinated debt in the Bank's funding base.

The Bank's net interest margin decreased in 2005, from 3.8 per cent. in 2004 to 3.0 per cent. The decrease was primarily due to excess liquidity resulting from the Bank's issuance of Eurobonds in June and November 2005. The Bank did not deploy the proceeds of these issuances immediately into loans and the temporary placement of the proceeds in lower yielding assets such as overnight deposits and short-term securities contributed to a lower net interest margin in 2005.

Interest income

The following table sets forth the principal components of the Bank's interest income as well as the yields for each type of interest-earning asset for the periods indicated:

	Year ended 31 December		
	2006	**2005**	**2004**
	(KZT millions, except percentages)		
Interest on loans to customers	74,609	14,946	5,997
Yield on loans to customers(1)	18.4%	12.6%	13.9%
Interest on debt securities	4,776	2,421	916
Yield on debt securities(1)	4.2%	%3.8	3.6%
Interest on due from banks	620	253	29
Yield on due from banks(1)	4.0%	4.6%	1.9%
Interest on reverse repurchase transactions	188	238	31
Yield on reverse repurchase transactions(1)	1.7%	4.6%	0.9%
Total interest income	**80,193**	**17,858**	**6,973**
Yield on interest-bearing assets(1)	14.4%	8.4%	9.6%

Note:

(1) Based on the average of the opening and closing balances for interest-earning assets for the period.

Interest income increased by 349 per cent. to KZT 80,193 million for the year ended 31 December 2006 and by 156 per cent. to KZT 17,858 million for the year ended 31 December 2005, compared to KZT 6,973 million for the year ended 31 December 2004. The increases in interest income during these years were primarily due to growth in the Bank's loan portfolio and a higher share of retail loans in the Bank's loan portfolio.

Interest on loans to customers. Interest income on loans to customers increased by 399 per cent. to KZT 74,609 million for the year ended 31 December 2006 and by 149 per cent. to KZT 14,946 million for the year ended 31 December 2005, compared to KZT 5,997 million for the year ended 31 December 2004. The increases in interest income during these years were due to the expansion of the Bank's loan portfolio, which was in turn due to the continued growth of Kazakhstan's economy and the resulting increase in the number of persons and businesses requiring funding. In addition, the increase in loans to customers in 2006 was due to the Bank's decision in February 2006 to originate loans through alternative distribution channels, including credit brokers and retail partners, which significantly enhanced its loan origination capabilities.

The average yield on loans to customers also increased substantially. The average yield on loans to customers increased from 13.9 per cent. in 2004 to 18.4 per cent. in 2006. The overall increase in average yield was primarily due to the higher proportion of retail loans in the Bank's portfolio, including in particular "Express" Loans, which are denominated only in Tenge and for which the Bank charged interest rates at nominal rates between 16 and 29 per cent in the periods under review. In addition, the Bank raised interest rates for corporate and SME loans during 2006, contributing to higher yields.

Up-front fees also contributed to the increase in interest on loans to customers during 2006. During 2005, the Bank began to grant retail loans which require customers to pay up-front fees, including "Express" Loans, for which the Bank currently charges an up-front fee of not less than 9 per cent. Although these fees are paid by the customer at the time the loan is granted, the fees, net of sales commissions of 2.0 to 4.0 per cent. paid to Kazpost and credit brokers, are recognised over the entire term of the loan and included in interest from loans to customers. Up-front fees (net of sales commissions) were included in interest income for only a portion of 2005, as compared to an entire year for 2006, contributing to higher interest on loans to customers in 2006. In addition, the volume of "Express" Loans was higher in 2006 as compared to 2005, leading to higher up-front fees.

Interest on debt securities issued. Interest income on securities increased by 97 per cent. to KZT 4,776 million for the year ended 31 December 2006 and by 164 per cent. to KZT 2,421 million for the year ended 2005, compared to KZT 916 million for the year ended 31 December 2004. The increases in interest on securities during these periods were primarily due to growth in the size of the Bank's securities portfolio. The Bank's securities portfolio grew from KZT 38,051 million as at 31 December 2004 to KZT 90,855 million as at 31 December 2005 and to KZT 138,964 million as at 31 December 2006. The growth in the Bank's securities portfolio was mainly attributable to excess liquidity from its bond issuances during 2005 and 2006. The Bank also decided to include U.S. government bonds in its securities portfolio in 2005. As a result of the increase in

U.S. government bonds, which yielded between 3.5 and 4.1 per cent. in 2005 and 2006, the average yield of the Bank's securities portfolio declined from 2004 to 2005. In 2006, the yield of the Bank's securities portfolio rose as a result of an increase in the proportion of higher-yielding bonds of corporates and financial institutions in the Bank's portfolio, although this was partially offset by the inclusion of lower yielding U.S. government bonds in the portfolio.

Interest on due from banks. Interest income on due from banks increased by 145 per cent. to KZT 620 million for the year ended 31 December 2006 and by 772 per cent. to KZT 253 million for the year ended 31 December 2005, compared to KZT 29 million for the year ended 31 December 2004. The increases during these years were primarily due to higher average balances of correspondent accounts with other banks and overnight deposits to banks as a result of excess liquidity from the Bank's bond issuances during 2005 and 2006. Deposits at other banks (excluding loans under reverse repurchase agreements) increased to KZT 20,599 million as at 31 December 2006 from KZT 10,182 million as at 31 December 2005 and from KZT 892 million as at 31 December 2004.

Interest income on reverse repurchase transactions. Interest income on reverse repurchase transactions decreased by 21 per cent. to KZT 188 million for the year ended 31 December 2006 and increased by 668 per cent. to KZT 238 million for the year ended 31 December 2005, compared to KZT 31 million for the year ended 31 December 2004. The increase in interest income on reverse repurchase transactions during 2005 and the decrease during 2006 was due to a high volume of repurchase transactions in 2005 as a result of excess liquidity from bond issuances.

Interest expense

The following table sets out certain information relating to the Bank's interest expense for the periods indicated:

	Year ended 31 December		
	2006	**2005**	**2004**
	(KZT millions except percentages)		
Interest on customer accounts	12,004	7,168	3,112
Average interest rate on customer accounts[(1)]	6.3%	7.0%	6.0%
Interest on due to banks	16,657	2,031	557
Average interest rate on due to banks[(1)]	7.1%	3.6%	6.1%
Interest on debt securities issued	9,886	1,806	174
Average interest rate on securities[(1)]	10.4%	6.6%	15.4%
Interest on subordinated debt	959	537	238
Average interest rate on subordinated debt[(1)]	5.1%	11.8%	7.3%
Interest on repurchase transactions	608	47	93
Average interest rate on repurchase transactions[(1)]	2.4%	0.4%	1.0%
Other interest expense	236	15	31
Average interest rate on other liabilities[(1)]	—	—	—
Total interest expense	**40,350**	**11,604**	**4,205**
Average interest rate on interest-bearing liabilities[(1)]	**7.6%**	**6.1%**	**6.1%**

Note:

(1) Based on the average of the opening and closing balances of interest-bearing liabilities for the period.

Interest expense increased by 248 per cent. to KZT 40,350 million for the year ended 31 December 2006 and by 176 per cent. to KZT 11,604 million for the year ended 31 December 2005, compared to KZT 4,205 million for the year ended 31 December 2004. The increases in interest expense during 2005 and 2006 were largely due to the Bank's large scale entry into the international syndicated loan and capital markets. During 2004, it did not access these markets to a significant degree, relying primarily on its deposit base as a source of financing. In 2005, the Bank entered into a syndicated loan facility in the amount of U.S.$80 million, and issued its debut Eurobond in June, in the amount of U.S.$150 million. In 2006, the Bank entered into several loan facilities and established its Debt Issuance Programme. The Bank had a higher cost of funding during 2005 and 2006 as a result of the relatively higher cost of syndicated loans and bond issuances as compared to deposits and other sources of financing. In addition to these sources of financing, the Bank also expanded its deposit base during 2005 and 2006, which contributed to higher interest expense.

Interest on customer accounts. Interest expense on interest-bearing customer deposits increased by 67 per cent. to KZT 12,004 million for the year ended 31 December 2006 and by 130 per cent. to KZT 7,168 million for the year ended 31 December 2005, compared to KZT 3,112 million in 2004. The increase was largely due to the expansion of the Bank's deposit base, in particular its retail deposit base. Customer accounts grew to KZT 272,786 million as at 31 December 2006, from KZT 139,233 million as at 31 December 2005 and from KZT 67,737 million as at 31 December 2004. Growth in customer deposits was in turn due to the expansion of the Bank's branch network, which enabled it to collect more deposits, as well as the continued growth of Kazakhstan's economy. In 2006, the increase in interest on customer accounts attributable to the expansion of the Bank's deposit base was partially offset by a lower average interest rate paid by the Bank on deposits, which was in turn due to an increase in the proportion of demand deposits in the Bank's deposit base. The Bank pays higher interest rates on time deposits than on demand deposits.

Interest on due to banks. Interest on due to banks increased by 720 per cent. to KZT 16,657 million for the year ended 31 December 2006 and by 265 per cent. to KZT 2,031 million for the year ended 31 December 2005, compared to KZT 557 million for the year ended 31 December 2004. The increases during these years were mainly due to an increase in loans from other banks in both 2005 and 2006. In 2005, the Bank entered into a syndicated loan facility, in the amount of U.S.$80 million, and another syndicated loan facility in November 2005, in the amount of U.S.$170 million. It entered into three syndicated loan facilities during 2006, including facilities in amounts of U.S.$300 million, U.S.$400 million and U.S.$160 million. The Bank also entered into several bilateral loan facilities during 2005 and 2006. The average interest rate paid by the Bank to other banks also increased, largely as a result of higher base interest rates in Kazakhstan and higher international LIBOR rates. The average interest rate paid on amounts due to banks increased from 6.1 per cent. in 2004 to 7.1 per cent. in 2006.

Interest on debt securities issued. Interest on debt securities issued increased by 447 per cent. to KZT 9,886 million for the year ended 31 December 2006 and by 938 per cent. to KZT 1,806 million for the year ended 31 December 2005, compared to KZT 174 million for the year ended 31 December 2004. The significant increases during these periods resulted from the increase in internationally issued debt securities. As at 31 December 2004, the Bank had issued only Tenge denominated securities, in the amount of KZT 1,999 million. In 2005, the Bank issued two Eurobonds, which added KZT 46,410 million in debt to its balance sheet and in April 2006, it established a U.S.$1.5 billion Debt Issuance Programme, pursuant to which it issued Eurobonds in two separate issuances, adding KZT 76,874 million in debt to its balance sheet as at 31 December 2006. The Bank also issued Tenge denominated bonds during 2005 and 2006. The average interest rate paid on the Bank's debt securities increased from 6.6 per cent. in 2005 to 10.4 per cent. in 2006.

Interest on subordinated debt. Interest on subordinated debt increased by 79 per cent. to KZT 959 million for the year ended 31 December 2006 and by 126 per cent. to KZT 537 million for the year ended 31 December 2005, compared to KZT 238 million for the year ended 31 December 2004. The increases during these years are attributable to an increase in subordinated debt issued by the Bank as well as higher interest rates paid. In 2004 and 2005, the Bank issued only Tenge denominated subordinated debt, which amounted to KZT 3,873 million and KZT 5,349 million on the Bank's balance sheet as at 31 December 2004 and 2005, respectively. A portion of the Bank's Tenge denominated subordinated debt is linked to Kazakhstan's inflation rate, which increased during 2005, contributing to higher interest on subordinated debt. In April 2006, the Bank issued International Perpetual Subordinated bonds through ALB Finance B.V., which amounted to KZT 18,361 million on the Bank's balance sheet as at 31 December 2006. This issuance contributed to higher interest on subordinated debt.

Loan loss provisions

Loan loss provisions increased by 185 per cent. to KZT 14,032 million for the year ended 31 December 2006 and by 277 per cent. to KZT 4,921 million for the year ended 31 December 2005, compared to KZT 1,305 million for the year ended 31 December 2004. The overall increase in provisions from 2004 to 2006 was due to growth in the Bank's loan portfolio. The Bank's gross loan portfolio grew by 242 per cent. to KZT 632,876 million as at 31 December 2006 and by 231 per cent. to KZT 184,822 million as at 31 December 2005, compared to KZT 55,890 million as at 31 December 2004. In addition, the proportion of uncollateralised and undercollateralised loans, for which the Bank set higher provisions, increased from 2004 to 2006.

The Bank began insuring its "Express" Loan portfolio with Alliance Policy during 2006, allowing it to limit the increase in provisions to lower than it otherwise would have been. From June 2006, the Bank did not record provisions immediately for loans it insured with Alliance Policy. Rather, it only recorded provisions after the relevant loan became overdue. From October 2006, the Bank recorded provisions after the relevant loan was more than 30 days overdue. Largely as a result of this policy, the Bank's allowance for provisions as a percentage of average net loans decreased from 4.1 per cent. in 2005 to 3.4 per cent. in 2006. However, if the insurance premiums paid to Alliance Policy are considered, the Bank's allowance for provisions as a percentage of gross loans remained stable. Thus, although the reduction of the increase in provisions contributed to higher net interest income after provisions, the effect of the Bank's new provisioning policy on its net profit was negligible.

The following table sets forth certain information on provisions and insurance premium expense for the periods indicated:

	Year ended 31 December		
	2006	2005	2004
	(KZT millions, except percentages)		
Provisions	14,032	4,921	1,305
Provisions/average net loans(1)	3.4%	4.1%	2.9%
Insurance premium expense(2)	2,569	—	—
Provisions and insurance premium expense	16,601	4,921	1,305
Adjusted provisions/average net loans(1)	4.1%	4.1%	2.9%

Notes:

(1) Based on the average of the opening and closing balances of total loans for the period.

(2) Insurance premium expense is accounted for as part of fee and commission expense.

For 2006, net write-offs were KZT 474 million (representing gross write-offs of KZT 534 million less KZT 60 million in recoveries), compared to net recoveries of KZT 28 million (representing gross recoveries of KZT 67 million less KZT 39 million in write-offs) for 2005 and net write-offs of KZT 331 million (representing gross write-offs of KZT 334 million less KZT 3 million in recoveries) for 2004. The increase in write-offs during 2006 was due to overall growth in the loan portfolio. The ratio of write-offs to gross loans decreased from 0.60 per cent. as at 31 December 2004 to 0.08 per cent. as at 31 December 2006. The decrease in write-offs during 2005 is primarily attributable to the change made to write-off regulations by the NBK. Prior to 2005, the NBK required that loans on which payments were overdue for more than 180 days had to be written off. Since 1 January 2005, the NBK has allowed banks to write off loans as and when determined by their credit committees.

Non-interest income

The following table sets out certain information on the Bank's non-interest income for the periods indicated:

	Year ended 31 December		
	2006	2005	2004
	(KZT millions)		
Net gain on financial assets at fair value through profit or loss	334	266	127
Net gain on foreign exchange operations	1,642	620	46
Fee and commission income	6,019	2,942	1,380
Fee and commission expense	(3,390)	(440)	(113)
Other (expenses)/income	853	846	247
Net non-interest income	**5,458**	**4,234**	**1,687**

Non-interest income increased by 29 per cent. to KZT 5,458 million for the year ended 31 December 2006 and by 151 per cent. to KZT 4,234 million for the year ended 31 December 2005, compared to KZT 1,687 million for the year ended 31 December 2004. The increase in 2006 was mainly due to an increase in foreign exchange gain resulting from the Bank's foreign exchange dealing activities. The increase in 2005 was mainly due to higher net fee and commission income, which was in turn due to a higher volume of transactions and the introduction of new products which generate fee and commission income. Net fee and commission income rose only 5 per cent. during 2006 because although fee and commission income increased, this was offset by higher fee and commission expense resulting from insurance premiums paid to Alliance Policy in respect of the Bank's "Express" Loan portfolio (whereas the up-front fees charged to borrowers were recognised over the life of the loan as interest income). Excluding insurance premiums expense, net fee and commission income increased by 108 per cent. from 2005 to 2006.

Financial assets at fair value through profit or loss

For the year ended 31 December 2006, the Bank realised a net gain on financial assets at fair value through profit or loss of KZT 334 million, compared to KZT 266 million for the year ended 31 December 2005 and KZT 127 million for the year ended 31 December 2004. The increases during these years were largely due to an increase in the size of the Bank's securities portfolio, which led to higher gains from fluctuations in interest rates and exchange rates on the Bank's short-term securities, which account for the majority of its portfolio. The Bank's portfolio of financial assets at fair value through profit or loss increased from KZT 31,324 million as at 31 December 2004 to KZT 79,283 million as at 31 December 2005 and to KZT 133,745 million as at 31 December 2006.

Foreign exchange operations

The Bank realised a net gain from foreign exchange operations of KZT 1,642 million for the year ended 31 December 2006, compared to KZT 620 million for the year ended 31 December 2005 and KZT 46 million for the year ended 31 December 2004. Foreign exchange dealing activities to manage a rising level of foreign currency exposure were the main driver of the increases in net gain from foreign exchange operations in 2005 and 2006. Foreign exchange dealing gains were KZT 1,359 million, KZT 1,109 million and KZT 203 million for the years ended 31 December 2006, 2005 and 2004, respectively.

Net fees and commissions

Net fees and commissions increased by 5 per cent. to KZT 2,629 million for the year ended 31 December 2006 and by 97 per cent. to KZT 2,502 million for the year ended 31 December 2005, compared to KZT 1,267 million for the year ended 31 December 2004. These increases were primarily due to increases in the volume of transactions. Although the volume of transactions increased significantly during 2006, leading to higher fee and commission income, this increase was offset by the inclusion in fee and commission expenses of insurance premiums paid to Alliance Policy. Excluding insurance premiums, net fee and commission income increased by 108 per cent. from 2005 to 2006.

The following table presents a breakdown of net fee and commission income for the years ended 31 December 2006, 2005 and 2004:

	Year ended 31 December		
	2006	2005	2004
	(KZT millions)		
Cash operations	1,751	701	293
Lending operations	1,471	599	254
Documentary operations	1,028	609	321
Settlements	849	488	242
Foreign currency and security operations	473	242	144
Trust operations	76	78	58
Other	371	225	68
Total fee and commission income	**6,019**	**2,942**	**1,380**
Insurance premium to related party	2,569	–	–
Plastic card operations	193	20	8
Customer accounts services by financial agents	155	–	–
Eurobonds and syndicated loans	137	229	55
Settlement bank services	111	54	30
Foreign currency and security operations	104	78	14
Documentary operations	58	4	1
Other	63	55	5
Total fee and commission expense	**3,390**	**440**	**113**
Net fee and commission income	**2,629**	**2,502**	**1,267**
Net fee and commission income before insurance premium expense	**5,198**	**2,502**	**1,267**

Fee and commission income. Fee and commission income increased by 105 per cent. to KZT 6,019 million for the year ended 31 December 2006 and by 113 per cent. to KZT 2,942 million for the year ended 31 December 2005, compared to KZT 1,380 million for 31 December 2004. These increases were due to growth in lending fees from corporate loans and secured retail loans and transaction fees charged on an increasing volume of transactions. Although the Bank includes fees from “Express” Loans (net of sales commissions paid to Kazpost and credit brokers) in interest income, it includes fees in respect of corporate loans and secured retail loans in fee and commission income. Fees and commissions from lending operations increased to KZT 1,471 million for the year ended 31 December 2006 from KZT 599 million for the year ended 31 December 2005 and from KZT 254 million for the year ended 31 December 2004. The increase in lending fees was in turn due to higher volumes of SME and corporate loans and secured retail loans during 2005 and 2006. The Bank’s fees and commissions from documentary operations, which includes fees generated from issuing letters of credit and guarantees, also increased as a result of higher volumes of these types of products.

The Bank’s transaction fees, including in particular fees for cash operations, also increased, as a result of higher transaction volumes, which were in turn due in part to the growth of the Bank and the expansion of its branch network.

Fee and commission expense. Fee and commission expense increased by 670 per cent. to KZT 3,390 million for the year ended 31 December 2006 and by 289 per cent. to KZT 440 million for the year ended 31 December 2005, compared to KZT 113 million for the year ended 31 December 2004. The increase during 2006 was primarily due to the inclusion of insurance premiums of KZT 2,569 million paid to Alliance Policy in respect of the Bank’s “Express” Loan portfolio. The increase in fee and commission expense during 2005 reflects fees and commissions payable by the Bank on a greater number of international capital and money market transactions.

Other income

Other income, which comprises mainly default fees collected by the Bank from its customers, remained relatively stable from 2005 to 2006, increasing from KZT 846 million to KZT 853 million. Other income increased by 245 per cent. in 2005 from KZT 247 million for the year ended 31 December 2004. The increase in 2005 was principally due to an increase in the volume of the Bank’s operations.

Operating expenses

The following table shows the composition of the Bank's operating expenses for the periods indicated:

	Year ended 31 December		
	2006	2005	2004
	(KZT millions, except percentages)		
Staff costs	4,443	1,581	772
Advertising and marketing expenses	1,207	551	396
Operating lease	846	283	123
Depreciation and amortisation	696	271	155
Taxes, other than income tax	642	266	129
Social tax	514	200	96
Expenses on insurance	598	29	19
Repair and maintenance	435	69	43
Telecommunications expenses	311	102	61
Consulting	245	59	47
Business trip and related expenses	186	105	57
Stationery	120	41	14
Security service	114	45	25
Buildings maintenance	97	49	34
Transportation costs	75	32	17
Legal services expenses	73	53	26
Cash collection	61	55	29
Training	47	25	8
Information services	46	23	14
Representative expenses	15	73	10
Other	530	276	186
Total operating expenses	**11,301**	**4,188**	**2,261**
Key ratios (percentages)			
Cost/income	24.9	39.9	50.8
Staff costs/total expenses	39.3	37.8	34.1
Costs/average assets[(1)]	1.8	1.9	2.7

Note:

(1) Based on the average of the opening and closing balance of total assets for the period.

Operating expenses increased by 170 per cent. to KZT 11,301 million for the year ended 31 December 2006 and by 85 per cent. to KZT 4,188 million for the year ended 31 December 2005, compared to KZT 2,261 million for the year ended 31 December 2004. These increases were due to general expansion of the Bank's business as well as increases in staff costs, advertising and marketing expenses and taxes, other than income tax. Although the Bank's operating expenses increased in absolute terms, it reduced its cost to income ratio from 50.8 per cent. for the year ended 31 December 2004 to 39.9 per cent. for the year ended 31 December 2005 and to 24.9 per cent. for the year ended 31 December 2006. The improvement in the Bank's cost to income ratio was primarily related to the change in its business model during the period from 2004 to 2006. The Bank began originating loans through Kazpost outlets in 2004 and through credit brokers and retail partners in February 2006. This third party origination model has allowed the Bank to expand its loan origination activities without incurring fixed costs which would otherwise be incurred were the Bank to have added branches and mini-branches to its distribution network and hired more employees to staff such branches and mini-branches. Although the Bank pays sales commissions of between 2.0 and 4.0 per cent. to Kazpost, its credit brokers and retail partners, these costs are reflected in net interest income rather than operating expenses.

Staff costs

Staff costs, which accounted for 39.3 per cent. of total operating expenses in 2006, increased by 181 per cent. to KZT 4,443 million for the year ended 31 December 2006 and by 105 per cent. to KZT 1,581 million for the year ended 31 December 2005, compared to KZT 772 million for the year ended 31 December 2004. These increases were primarily attributable to an increase in the number of employees. Employees increased to 4,173 as at 31 December 2006, from 1,831 as at 31 December 2005 and from 888 as at 31 December 2004. The increase in the number of employees in turn reflected primarily an increase in the number of mini-branches opened by the Bank in 2005 and 2006. The Bank increased the number of mini-branches from 25 as at 31 December 2004 to 56 as at 31 December 2005 and to 162 as at 31 December 2006. In addition, the average salary paid to the Bank's employees increased moderately from 2004 to 2006. The Bank also introduced a series of bonus schemes in 2005 and 2006 for various categories of employees, which contributed to higher staff costs.

Advertising costs

Advertising and marketing expenses increased by 119 per cent. to KZT 1,207 million for the year ended 31 December 2006 and by 39 per cent. to KZT 551 million for the year ended 31 December 2005, compared to KZT 396 million for the year ended 31 December 2004. The significant increase in advertising and marketing expenses in 2006 was primarily attributable to the Bank's active promotion of "Express" Loans in regions and smaller towns, mainly through television commercials. The Bank has been able to curtail some of these activities during 2007 and believes that it will be able to contain the increase in advertising expenses in 2007 to a lower per cent. increase than that experienced in 2006. The increase in advertising and marketing expenses during 2005 was mainly attributable to an increased volume of advertising conducted by the Bank with the expansion of its branch network and third party distribution network as well as the launch of new products by the Bank. In addition, a general market increase in advertising costs contributed to the increases in advertising and marketing expenses in 2005 and 2006.

Operating lease expenses

Operating lease expenses increased by 199 per cent. to KZT 846 million for the year ended 31 December 2006 and by 130 per cent. to KZT 283 million for the year ended 31 December 2005, compared to KZT 123 million for the year ended 31 December 2004. These increases were mainly attributable to the expansion of the Bank's branch network and increasing rents in Almaty and surrounding areas. The Bank has expanded its branch network from nine branches and 25 mini-branches as at 31 December 2004 to 16 branches and 56 mini-branches as at 31 December 2005 and to 21 branches and 162 mini-branches as at 31 December 2006.

Depreciation and amortisation

Depreciation and amortisation increased by 157 per cent. to KZT 696 million for the year ended 31 December 2006 and by 75 per cent. to KZT 271 million for the year ended 31 December 2005, compared to KZT 155 million for the year ended 31 December 2004. The increases were attributable to additions to property, plant and equipment related to the expansion of the Bank's branch network. In 2006, the Bank had capital expenditures of KZT 8,950 million, of which KZT 4,657 million were related to land and buildings, compared to KZT 1,018 million in 2005, of which KZT 246 million was related to land and buildings.

Taxes, other than income tax

Taxes, other than income tax, increased by 141 per cent. to KZT 642 million for the year ended 31 December 2006 and by 106 per cent. to KZT 266 million for the year ended 31 December 2005, compared to KZT 129 million for the year ended 31 December 2004. The increases in taxes, other than income tax, were primarily comprised of value added taxes, land taxes and other taxes, duties and payroll taxes, which were higher due to the expansion of the Bank's business.

Other provisions

Other provisions include mainly provisions in respect of the Bank's guarantees and other commitments. These provisions increased by 156 per cent. to KZT 356 million for the year ended 31 December 2006 and by 396 per cent. to KZT 139 million for the year ended 31 December 2005, compared to KZT 28 million for the year ended 31 December 2004. The increases during these years were due to an increase in guarantees and loan commitments by the Bank during 2005 and 2006. Guarantees and similar commitments and letters of credit increased from KZT 5,139 million as at 31 December 2004 to KZT 13,851 million as at 31 December 2005 and to KZT 32,387 million as at 31 December 2006.

Income tax

The Bank reported an income tax expense of KZT 5,602 million for the year ended 31 December 2006, compared to an income tax benefit of KZT 356 million in 2005. The Bank reported neither a tax benefit nor a tax expense in 2004.

The following table presents certain information regarding corporate income tax payable by the Bank:

	Year ended 31 December		
	2006	2005	2004
	(KZT millions, except percentages)		
Profit before income tax	19,612	1,240	861
Income tax (expense)/benefit	(5,602)	356	—
Net profit	14,010	1,596	861
Effective tax rate	28.6%	(28.7)%	—

The statutory tax rate in Kazakhstan, the main jurisdiction in which the Bank is taxed, is 30 per cent. The Bank's effective tax rate was 28.6 per cent. for the year ended 31 December 2006, as a result of the tax free regime for certain types of income, including income from mortgages and interest earned on Kazakhstan government securities. The Bank used investment incentives in 2005 to derive a tax benefit of KZT 356 million. The Bank will not be able to use these investment incentives to reduce its tax liability in future periods as the incentives were repealed in 2006. The Bank did not pay income tax in 2004 as a result of the use of investment incentives and exclusions for mortgage income and state securities income mentioned above.

Financial Condition

Total assets

The following table presents data regarding the Bank's assets as at the dates indicated:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Cash and balances with the NBK	46,026	—	42,327	—
Financial assets at fair value through profit or loss	186,754	133,745	79,283	31,324
Due from banks	81,143	18,336	8,111	2,109
Loans to customers	691,074	634,547	184,079	58,424
Investments available-for-sale	4,938	5,100	11,033	5,419
Investments held-to-maturity	43	43	463	1,260
Total interest-bearing assets	**1,009,978**	**791,771**	**325,296**	**98,536**
Cash and balances with the NBK	72,151	99,594	_	19,631
Due from banks	—	5,615	2,127	89
Investments available-for-sale	76	76	76	48
Property, equipment and intangible assets	14,066	12,782	2,181	1,036
Non-current assets held-for-sale	—	1,008	559	116
Other assets	15,539	9,904	2,519	404
Total assets	**1,111,810**	**920,750**	**332,758**	**119,860**

As at 31 March 2007, the Bank had total assets of KZT 1,111,810 million, reflecting an increase of 21 per cent. from KZT 920,750 million as at 31 December 2006. The increase in assets during this period was mainly attributable to the expansion of the Bank's loan and securities portfolios and an increase in due from banks. Loans to customers (including overdue loans) grew by 9 per cent. to KZT 691,074 million as at 31 March 2007 from KZT 634,547 million as at 31 December 2006, reflecting substantial franchise expansion through a new distribution model. Due from banks grew by 239 per cent. to KZT 81,143 million as at 31 March 2007 from KZT 23,951 million as at 31 December 2006, mainly as a result of increased overnight deposits from other banks stemming from excess liquidity following the Bank's offering of €750 million and £250 million in notes during the first quarter of 2007. The Bank's securities portfolio grew by 38 per cent. to KZT 191,811 million as at 31 March 2007 from KZT 138,964 million as at 31 December 2006. The increase was due to excess liquidity from the above-mentioned issuances of debt securities as well as the Bank's continued purchase of U.S. government bonds.

As at 31 December 2006, the Bank had total assets of KZT 920,750 million, reflecting an increase of 177 per cent. from KZT 332,758 million as at 31 December 2005. The increase in total assets was mainly due to the expansion of the Bank's loan portfolio. Loans to customers (including overdue loans) grew by 245 per cent. to KZT 634,547 million as at 31 December 2006, compared to KZT 184,079 million as at 31 December 2005. The increase in loans to customers was mainly attributable to growth in the Bank's retail portfolio, which was in turn due in part to its use of alternative distribution channels to originate loans beginning in February 2006. Loans to individuals increased to KZT 269,351 million as at 31 December 2006, from KZT 49,222 million as at 31 December 2005, an increase of 447 per cent. The Bank's securities portfolio also contributed to the growth in assets. Its securities portfolio grew by 53 per cent. to KZT 138,964 million as at 31 December 2006, compared to KZT 90,855 million as at 31 December 2005. This growth was mainly attributable to excess liquidity from bond issuances and syndicated loans during 2006. The Bank's purchase of U.S. government securities accounted for KZT 46,285 million of the increase, although this was partially offset by a decrease in NBK notes. The Bank also increased its holdings of debt securities of financial institutions, including primarily other Kazakhstan banks.

As at 31 December 2005, the Bank had total assets of KZT 332,758 million, reflecting an increase of 178 per cent. from KZT 119,860 million as at 31 December 2004. The increase in total assets was mainly due to growth in the Bank's loan portfolio as well as growth in its securities portfolio. Loans to customers (including overdue loans) grew by 215 per cent. to KZT 184,079 million as at 31 December 2005, compared to KZT 58,424 million as at 31 December 2004. The Bank's securities portfolio grew by 139 per cent. to KZT 90,855 million as at 31 December 2005, compared to KZT 38,051 million as at 31 December 2004. The increase was mainly due to excess liquidity from the Bank's bond issuances and syndicated loans during 2005. In addition, in 2005, the Bank decided to begin purchasing U.S. government bonds in order to diversify its securities portfolio. The Bank added KZT 36,887 million of U.S. government bonds to its balance sheet as at 31 December 2005, compared to nil as at 31 December 2004.

Total liabilities

The following table presents data regarding the Bank's liabilities as at the dates indicated:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Deposits from the NBK	4,000	2,000	6,000	4,000
Due to banks	366,721	362,999	98,754	25,991
Due to other financial institutions	25,656	25,174	987	–
Customer accounts	197,752	213,599	118,446	60,288
Debt securities issued	322,555	139,249	53,488	1,999
Subordinated debt	31,896	32,614	5,349	3,873
Total interest-bearing liabilities	**948,580**	**775,635**	**283,024**	**96,151**
Due to banks	–	6	26	65
Customer accounts	52,659	59,187	20,787	7,449
Income tax liabilities	2,977	2,012	–	–
Other liabilities	5,019	3,872	889	207
Total liabilities	**1,009,235**	**840,712**	**304,726**	**103,872**

As at 31 March 2007, the Bank had total liabilities of KZT 1,009,235 million, reflecting an increase of 20 per cent. from KZT 840,712 million as at 31 December 2006. The increase in liabilities was primarily due to the issuance of debt securities in the international capital markets. During the period ended 31 March 2007, the Bank issued a €750 million Eurobond and a £250 million Eurobond issued under its U.S.$3 billion Debt Issuance Programme. In addition, it entered into a U.S.$150 million Murabaha Facility in March 2007. These issuances contributed to an increase in debt securities issued of 132 per cent., to KZT 322,555 million as at 31 March 2007, compared to KZT 139,249 million as at 31 December 2006. The increase in debt securities issued was partially offset by a 8 per cent. decrease in customer accounts, to KZT 250,411 million as at 31 March 2007 from KZT 272,786 million as at 31 December 2006. This decrease was attributable to a decrease in loans under repurchase agreements compared to year-end 2006 (when the Bank had excess liquidity), seasonal effects and the withdrawal of a few large corporate deposits, which followed unfavourable publicity regarding the Kazakh banking sector after the collapse of a smaller Kazakh bank. The Bank believes that customer accounts had increased as at 30 June 2007 compared to 31 March 2007; however, since 30 June 2007, the Bank has experienced what it believes to be a temporary decrease in customer accounts. The Bank has also issued additional debt securities after 31 March 2007, as described in "*Selected Statistical and Other Information — Funding — International Bonds.*"

As at 31 December 2006, the Bank had total liabilities of KZT 840,712 million, reflecting an increase of 176 per cent. from KZT 304,726 million as at 31 December 2005. The increase in total liabilities was primarily due to an increase in due to banks, as well as an increase in customer accounts, debt securities issued and subordinated debt. Due to banks increased by 267 per cent. to KZT 363,005 million as at 31 December 2006, compared to KZT 98,780 million as at 31 December 2005. The increase was primarily due to the Bank's entry into several syndicated loan facilities during 2006, including a U.S.$400 million facility in June 2006, a U.S.$300 million facility in November 2006 and a U.S.$160 million facility in December 2006. The Bank also expanded its customer accounts to KZT 272,786 million as at 31 December 2006, compared to KZT 139,233 million as at 31 December 2005, which represented an increase of 96 per cent. The Bank's demand deposits increased rapidly, at 129 per cent., compared to time deposits, which increased at only 51 per cent. The Bank's issuance of debt securities also contributed to growth in liabilities. During 2006, the Bank issued two tranches of Eurobonds under its U.S.$1.5 billion Debt Issuance Programme (which was subsequently increased to U.S.$3 billion), in amounts of U.S.$250 million, in April 2006, and U.S.$350 million, in September 2006. These issuances added KZT 76,874 million in debt to the Bank's balance sheet as at 31 December 2006.

As at 31 December 2005, the bank had total liabilities of KZT 304,726 million, reflecting an increase of 193 per cent. from KZT 103,872 million as at 31 December 2004. Growth in the Bank's liabilities outpaced growth in its assets during 2005, with assets growing at only 178 per cent. The increase in total liabilities was due to increases in due to banks and customer accounts and issuance of debt securities. Due to banks increased to KZT 98,780 million as at 31 December 2005 from KZT 26,056 million as at 31 December 2004, an increase of 279 per cent. The increase was mainly due to the Bank's entry into syndicated loan and bilateral loan agreements, including a U.S.$170 million syndicated loan agreement in November 2005. The Bank's customer accounts grew by 106 per cent. to KZT 139,233 million as at 31 December 2005, compared to KZT 67,737 million as at 31 December 2004. Time deposits and demand deposits grew at similar rates during 2005, driven by growth in Kazakhstan's economy and increasing demand for banking services. The Bank also issued debt securities in the international capital markets for the first time during 2005, including U.S.$200 million in Eurobonds in November 2005 and U.S.$150 million in Eurobonds in June 2005. The Bank issued International Perpetual Subordinated bonds and preference shares during 2006, which contributed KZT 22,397 million to the Bank's balance sheet as at 31 December 2006. These preference shares are classified as subordinated debt for accounting purposes.

Equity

The following table sets out a breakdown of the Bank's equity as at the dates indicated:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Share capital[(1)]	74,247	60,013	24,904	14,994
Additional paid-in-capital	1,222	1,222	–	–
Investments available-for-sale fair value reserve	76	80	204	38
Property revaluation reserve	2,228	2,255	491	73
Retained earnings	24,802	16,468	2,433	883
Total equity	**102,575**	**80,038**	**28,032**	**15,988**

Note:

(1) Additional capital increases have been carried out after the balance sheet date, in April and May of 2007, adding KZT 22,133 million to share capital.

As at 31 March 2007, the Bank's total equity amounted to KZT 102,575 million, compared to KZT 80,038 million as at 31 December 2006, which reflected an increase of 28 per cent. Equity increased as a result of capital increases during the three months ended 31 March 2007 as well as the charge in retained earnings reflecting the Bank's profitability in the three months ended 31 March 2007. The Bank's existing shareholders contributed an additional KZT 14,234 million, bringing total share capital to KZT 74,247 million as at 31 March 2007. Retained earnings increased by 51 per cent. as a result of higher earnings. In April and May 2007, the Bank's existing shareholders contributed an additional KZT 22,133 million of equity, bringing its total share capital to KZT 96,375 million as at the date of this Prospectus.

Because of the risks ascribed by the FMSA to the Bank's "Express" Loan product, the FMSA recently engaged in discussions with the Bank regarding the Bank's provisioning rates. Ultimately the Bank agreed to establish a reserve capital account, which will have the effect of reducing its retained earnings balance as at 30 June 2007 by approximately KZT 12.9 billion, which has the effect of preventing the Bank from paying such amounts as dividends (although if credit insurance with respect to "Express" Loans is deemed to be sufficient to cover losses, it is possible that the reserve capital account may be reversed and such amounts may again be included in distributable retained earnings).

As at 31 December 2006, the Bank's total equity amounted to KZT 80,038 million, compared to KZT 28,032 million as at 31 December 2005, which reflected an increase of 186 per cent. During 2006, the Bank issued 3,560,093 common shares, which increased its equity by KZT 35,601 million and brought its total issued and fully paid shares to 6,000,808, compared to 2,440,715 as at 31 December 2005. The Bank also increased its retained earnings by KZT 14,035 million as a result of the increase in its net profit from 2005 to 2006. In addition, the Bank revalued its properties in 2006, resulting in an increase of KZT 1,764 million to its property revaluation reserve.

As at 31 December 2005, the Bank's total equity amounted to KZT 28,032 million, compared to KZT 15,988 million as at 31 December 2004, which reflected an increase of 75 per cent. The Bank's 193 per cent. increase in liabilities during 2005 reduced equity as a percentage of total assets, to 8.4 per cent. as at 31 December 2005 from 13.3 per cent. as at 31 December 2004. The increase in equity during 2005 was mainly due to the issuance of 978,844 common shares, which increased equity by KZT 9,918 million and brought the Bank's total issued and fully paid shares to 2,440,715, compared to 1,461,871 as at 31 December 2004. Retained earnings also increased by KZT 1,550 million during 2005.

Capital Adequacy

The capital adequacy requirements currently in effect in Kazakhstan exceed guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements (the "BIS Guidelines"). See "*The Banking Sector in Kazakhstan — Regulation — Banking Reform and Supervision*. The FMSA requires banks to maintain a K1 (Tier I) capital adequacy ratio of 6 per cent. of total assets (compared to 4 per cent. of risk-weighted assets recommended by the BIS Guidelines) and a capital adequacy ratio of 12 per cent. of risk-weighted assets (compared to 8 per cent. recommended by the BIS Guidelines) based on the Bank's unconsolidated financial statements and risk weightings, which depart from the Basel Committee recommendations in certain respects.

Financial institutions owned by entities that qualify as bank holding companies under applicable FMSA regulations benefit from lower capital adequacy ratio requirements of 5 per cent. for K1 capital and 10 per cent. for K2 capital. These lower requirements have applied to the Bank since February 2006 when SAFC was recognised as a bank holding company by the FMSA.

The Bank has always maintained its capital in excess of NBK capital adequacy requirements. Management believes that, as at the date of this Prospectus, the Bank is in compliance with the applicable regulatory requirements of the NBK.

The following table sets out certain ratios calculated in accordance with the requirements of the NBK as at 31 March 2007 and as at 31 December 2006, 2005 and 2004 regarding capital adequacy, foreign exchange positions, maximum exposures and certain other matters:

	NBK's/FMSA's minimum requirements	As at 31 March 2007	As at 31 December		
			2006	2005	2004
		(unaudited)			
Minimum Share Capital (KZT)[1]	Not less than KZT 1,500 million[2][*]	KZT 79,105 million	KZT 60,500 million	KZT 24,900 million	KZT 14,989 million
K1-Tier I capital to total assets	Not less than 5%	10%	10%	8%	13%
K2-own capital to total assets weighted for risk[2]	Not less than 10%	15%	14%	15%	33%
K4-Current Liquidity ratio[3]	Greater than 30%	241%	214%	287%	109%
K5-Short-term Liquidity Ratio	Greater than 50%	317%	143%	103%	103%
Reserves with the NBK and cash[4]	6% of short-term deposits with a maturity of less than three months[6]	KZT 2,541 thousand	KZT 21,197 thousand	KZT 12,395 thousand	KZT 5,609 thousand
K6-investments in fixed assets and non-financial assets to own capital	Not greater than 50% of bank's own capital	16%	18%	18%	6%
Maximum aggregate net open foreign currency position[5]	30%** of bank's own capital	(11.8)%	(6.7)%	3.2%	2.3%
Maximum net open (short or long) position in currencies of countries rated "A" or higher and the Euro	15%*** of bank's own capital	(11.8)%	(8.5)%	(1.2)%	(2.2)%
Maximum net open position in currencies of countries rated below "A"	5% of bank's own capital	(0.02)%	1.8%	4.9%	0.0%
Maximum exposure to any single borrower	Percentage of bank's own capital				
-related parties	Not greater than 10%	2%	2%	4%	1%
-other borrowers	Not greater than 25%	14%	15%	22%	10%
-on unsecured loans	Not greater than 10%	0.1%	0.2%	3%	4%

* For recently established banks.

** 25 per cent. starting from 1 September 2006.

*** 12.5 per cent. starting from 1 September 2006. Starting from 1 April 2007, the same ratio applies to open positions in precious metals.

Notes:

(1) Under Kazakhstan law, "share capital" means capital which must be provided in order to establish a company or a bank. A bank's share capital may be formed only with cash contributions. Sources of funds contributed to the Bank's share capital are subject to specific disclosure requirements.

(2) The NBK's definition of "own capital" is the sum of Tier I capital plus Tier II capital (to the extent it does not exceed Tier I capital) and, starting from 1 January 2006, Tier III capital (not exceeding 250 per cent. of the part of Tier I capital aimed to cover market risk) less investments. Tier I capital is the sum of share capital less treasury shares plus share premium plus retained earnings from prior years (including funds and reserves out of net profit from prior years), plus open-end financial instruments less the sum of intangible assets (excluding licensed software corresponding to IAS 38 purchased for purposes of the Bank's main line of business), losses from prior years and current losses for the period. Tier II capital is the sum of current profit for the period plus revaluation capital assets and securities plus general provisions (to the extent that they do not exceed 1.25 per cent. of risk-weighted assets) plus covered open-end

financial instruments not included in Tier I capital plus Tier II subordinated debt (but no more than 50 per cent. of Tier I capital), less subordinated debt of the Bank redeemed by the Bank. Starting from 1 January 2006, Tier III capital is the sum of Tier III subordinated debt plus Tier II subordinated debt not included into the calculation of Tier II capital. For a bank with a bank holding company (that is, an entity holding 25 per cent. or more of its voting share capital, alone or together with affiliated companies) among its shareholders, K1 must be not less than 5 per cent. and for other banks it must not be less than 6 per cent., as before. In addition, starting from 1 January 2006, assets weighted by credit, market and operational risk (as opposed to only credit risk weighted before) have to be taken into account when calculating the K2 ratio.

(3) Starting from 30 June 2006, the FMSA has introduced three new limits in relation to currency liquidity. The current currency liquidity limit (to be greater than 0.9) is calculated as foreign currency denominated high liquidity assets averaged monthly divided by paid-on-demand liabilities in the same currency averaged monthly. The short-term currency liquidity limit is calculated similarly to the current currency liquidity limit by taking assets/liabilities with maturities less than three months; this ratio should be at least 0.8. Similarly, the medium-term currency liquidity limit is calculated by taking assets/liabilities with maturities of less than one year; it should not be less than 0.6. Limits are calculated on the first day of each month for each foreign currency where liabilities denominated in such currency are not less than 1 per cent. of the monthly averaged liabilities of a bank. Banks have been required to be in compliance with these limits since 1 October 2006.

(4) Ratio of actual reserves to reserve liabilities. From 1 October 2005, reserve requirements have been calculated as a sum of reserve requirements with respect to internal liabilities of the bank and reserve requirements with respect to other liabilities, which include external liabilities on balance sheet accounts determined by the FMSA and liabilities of the bank on balance sheet accounts determined by the FMSA.

(5) Ratio of the net currency position (including balance sheet items) to equity in accordance with the NBK requirements.

(6) With effect from 14 July 2006, the NBK requirement of a minimum monthly average of 6 per cent. of deposits with a maturity of less than three months, has been changed to the minimum requirement of 6 per cent. of all domestic liabilities and 8 per cent. of all non-domestic liabilities.

The following table gives certain information regarding the Bank's Tier I and Tier II capital and its risk weighted capital adequacy ratio based on methodology established by the Bank for International Settlements as at 31 March 2007 and 31 December 2006, 2005 and 2004:

	As at 31 March	As at 31 December		
	2007	**2006**	**2005**	**2004**
	(KZT millions, except percentages)			
Tier I capital	113,906	91,417	27,336	15,877
of which hybrid Tier I capital	15,081	13,714	—	—
Tier II capital	14,712	14,443	5,491	3,985
Gross Tier I + Tier II capital	128,618	105,860	32,827	19,862
Less investments	(76)	(76)	(76)	(48)
Tier I capital + Tier II	128,987	105,784	32,750	19,813
Total risk weighted assets	701,784	677,086	245,858	73,224
Tier I capital adequacy ratio	16.2%	13.5%	11.1%	21.7%
Total risk weighted capital adequacy ratio	18.3%	15.6%	13.3%	27.1%

As at 31 March 2007, the Bank had a Tier I capital ratio (comprising Tier I capital divided by total risk weighted assets) of 16.2 per cent. and a risk weighted capital adequacy ratio (comprising Tier I and Tier II capital less investments in unconsolidated banking and financial companies divided by total risk weighted assets) of 18.3 per cent.

As at 31 December 2006, the Bank had a Tier I capital ratio of 13.5 per cent. and a total capital ratio of 15.6 per cent., compared to a Tier I ratio of 11.1 per cent. and a total capital ratio of 13.3 per cent. as at 31 December 2005. The increase in the Bank's Tier I capital ratio was due to its issuance of 3,560,093 common shares during 2006, which increased its shareholders' equity by KZT 35,601 million as well as its issuance of subordinated debt. Specifically, in April 2006, the Bank issued U.S.$150 million of International Perpetual Subordinated bonds through ALB Finance B.V., which added hybrid Tier I capital to its capital structure.

As at 31 December 2005, the Bank had a Tier I capital ratio of 11.1 per cent. and a total capital ratio of 13.3 per cent., compared to a Tier I ratio of 21.7 per cent. and a total capital ratio of 27.1 per cent. as at 31 December 2004. The decrease in the Bank's Tier I and total capital ratios was due to growth in the Bank's risk-weighted assets without a corresponding increase in share capital and subordinated debt. The Bank's assets grew by 178 per cent. in 2005 and its liabilities grew at 193 per cent. The Bank's share capital only increased by 66 per cent. and its subordinated debt grew by 38 per cent. during 2005.

Capital Expenditures

The following table provides information on the Bank's capital expenditures for the periods indicated:

	Three months ended 31 March 2007	Year ended 31 December 2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Land and buildings	977	4,657	246	95
IT software/hardware	104	611	197	82
Vehicles	57	227	90	42
Construction in progress	20	1,185	—	7
Other fixed assets	606	2,112	364	173
Intangible assets	173	158	121	58
Total capital expenditures	**1,937**	**8,950**	**1,018**	**457**

Capital expenditures were KZT 1,937 million for the three months ended 31 March 2007, comprising mainly investments in land and buildings in connection with the Bank's expansion of its branch network and investments in information technology. The Bank has budgeted approximately KZT 10,000 million in 2007 for investments in its information technology system, over half of which relates to ATMs.

Capital expenditures increased by 779 per cent., to KZT 8,950 million for the year ended 31 December 2006 from KZT 1,018 million for the year ended 31 December 2005, primarily due to the Bank's expansion of its distribution network. Expenditures on land and buildings to build new branches and mini-branches accounted for KZT 4,657 million, or 52 per cent., of total capital expenditures. Expenditures on other fixed assets, which also related primarily to the Bank's branch network expansion, accounted for 23.6 per cent. of total capital expenditures. In the past, the Bank has leased the premises for a majority of its branches and mini-branches but it has recently developed a policy to own rather than lease its properties, including its new head office. Accordingly, the Bank expects its capital expenditures to continue to increase in future periods. The Bank has also recently increased its expenditures on IT and software, to KZT 611 million for the year ended 31 December 2006 from KZT 197 million for the year ended 31 December 2005, which represented an increase of 210 per cent. These expenditures are related to new information technology initiatives as well as the upgrading of its automated credit scoring model.

Capital expenditures increased by 123 per cent., to KZT 1,018 million for the year ended 31 December 2005 from KZT 457 million for the year ended 31 December 2004. The increase was primarily due to the expansion of the Bank's branch network and upgrading of its information technology systems. Expenditures on land and buildings and computers accounted for 24 per cent. and 19 per cent. of total capital expenditures, respectively.

Off-Balance Sheet Arrangements

Commitments

The Bank had no material capital commitments outstanding as at 31 March 2007 or as at 31 December 2006, 2005 or 2004. However, the Bank has operating lease commitments, for which the future minimum lease payments are set out below, as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December 2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Not later than 1 year	8	1	2	–
Later than 1 year and not later than 5 years	276	473	734	476
Later than 5 years	578	453	201	60
Total operating lease commitments	**862**	**927**	**937**	**536**

Contingencies

The Bank enters into financial arrangements with off-balance sheet risk in the normal course of business in order to meet the needs of its customers. These arrangements, which include guarantees and letters of credit, involve varying degrees of credit risk and are not reflected on the Bank's balance sheet. The following table sets forth the maximum exposure to credit loss of the Bank's off-balance sheet arrangements as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Guarantees and similar commitments	14,090	8,607	8,501	4,445
Letters of credit	7,045	23,780	5,350	694
Total	**21,135**	**32,387**	**13,851**	**5,139**

As at 31 March 2007 and 31 December 2006, 2005 and 2004, KZT 130 million, KZT 61 million, KZT 1,782 million and KZT 42 million, respectively, in letters of credit were secured by cash deposited in customer accounts. As at 31 March 2007, 31 December 2006, 2005 and 2004, KZT 539 million, KZT 158 million, KZT 286 million and KZT 509 million, respectively, of guarantees and similar commitments were secured by cash deposited in customer accounts.

The Bank applies the same credit control and management policies to its off-balance sheet commitments as it does to its on-balance sheet operations. The Bank made a provision of KZT 438 million for the three months ended 31 March 2007 and provisions of KZT 337 million for 2006, KZT 36 million for 2005 and nil for 2004 in respect of letters of credit. It made a provision of KZT 196 million for the three months ended 31 March 2007 and provisions of KZT 169 million for 2006, KZT 140 million for 2005 and KZT 46 million for 2004 in respect of guarantees.

SELECTED STATISTICAL AND OTHER INFORMATION

Average Balances and Net Interest Income

The following table sets out the Bank's average balances of assets and liabilities based upon the average of the opening and closing balances for the three months ended 31 March 2007, the average of the semi-annual balances for the years ended 31 December 2006 and 2005 and the average of the opening and closing balances for the year ended 31 December 2004:

	Three months ended 31 March 2007			Year ended 31 December								
				2006			2005			2004[(1)]		
	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate
	(KZT millions)		*(per cent.)*	*(KZT millions)*		*(per cent.)*	*(KZT millions)*		*(per cent.)*	*(KZT millions)*		*(per cent.)*
Interest-earning assets												
Financial assets at fair value through profit or loss and investments available-for-sale and held-to-maturity	165,312	1,811	4.4	118,047	4,775	4.0	62,510	2,421	3.9	25,558	916	3.6
Tenge	58,966	699	4.7	42,166	1,749	4.1	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	106,346	1,112	4.2	75,881	3,026	4.0	N/A	N/A	N/A	N/A	N/A	N/A
Due from banks and cash and balances with the NBK	70,193	926	5.3	28,559	620	2.2	26,997	253	0.9	1,523	29	1.9
Tenge	25,054	172	2.7	15,927	176	1.1	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	45,139	754	6.7	12,633	444	3.5	N/A	N/A	N/A	N/A	N/A	N/A
Repurchase transactions	10,386	88	3.4	7,921	189	2.4	6,828	238	3.5	3,411	31	0.9
Tenge	10,386	88	3.4	7,921	189	2.4	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	—	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A
Loans to customers	654,985	33,420	20.4	379,029	74,609	19.7	112,094	14,946	13.3	41,990	5,997	14.3
Tenge	347,914	24,335	28.0	204,259	54,644	26.8	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	307,071	9,085	11.8	174,769	19,965	11.4	N/A	N/A	N/A	N/A	N/A	N/A
Total interest-earning assets	**900,875**	**36,245**	**16.1**	**533,556**	**80,193**	**15.0**	**208,428**	**17,858**	**8.6**	**72,481**	**6,973**	**9.6**
Tenge	442,319	25,294	22.9	270,273	56,758	21.0	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	458,556	10,951	9.6	263,283	23,435	8.9	N/A	N/A	N/A	N/A	N/A	N/A

Note:

(1) Balances for the year ended 31 December 2004 are based on average annual balances rather than average semi-annual balances as average semi-annual data is not available.

	Three months ended 31 March 2007	Year ended 31 December		
		2006	2005	2004[(1)]
	Average Balance *(KZT millions)*			
Non-interest earning assets				
Cash and balances with the NBK	85,873	41,685	12,375	11,005
Tenge	42,464	30,160	N/A	N/A
Foreign currency	43,409	11,525	N/A	N/A
Due from banks	2,808	2,581	739	45
Tenge	—	389	N/A	N/A
Foreign currency	2,808	2,192	N/A	N/A
Investments available-for-sale and held-to-maturity	76	372	57	144
Tenge	76	76	N/A	N/A
Foreign currency	—	296	N/A	N/A
Property, equipment and intangible assets	13,424	6,077	1,452	892
Tenge	13,424	6,077	N/A	N/A
Foreign currency	—	—	N/A	N/A
Other assets	13,226	6,781	1,802	516
Tenge	11,566	3,777	N/A	N/A
Foreign currency	1,660	3,004	N/A	N/A
Total non-interest earning assets	**115,406**	**57,496**	**16,426**	**12,601**
Tenge	67,530	40,479	N/A	N/A
Foreign currency	47,876	17,017	N/A	N/A

Note:

(1) Balances for the year ended 31 December 2004 are based on average annual balances rather than average semi-annual balances as average semi-annual data is not available.

	Three months ended 31 March 2007			Year ended 31 December								
				2006			2005			2004(1)		
	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Expense Rate
	(KZT millions)		*(per cent.)*	*(KZT millions)*		*(per cent.)*	*(KZT millions)*		*(per cent.)*	*(KZT millions)*		*(per cent.)*
Interest-bearing liabilities												
Deposit from the NBK and due to banks	384,015	8,067	8.4	220,872	16,657	7.5	51,147	2,031	4.0	9,165	557	6.1
Tenge	97,472	2,294	9.4	62,135	5,470	8.8	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	286,544	5,773	8.1	158,737	11,187	7.0	N/A	N/A	N/A	N/A	N/A	N/A
Reverse repurchase transactions	24,702	169	2.7	24,272	608	2.5	16,475	47	0.3	8,862	93	1.0
Tenge	13,509	53	1.6	14,144	125	0.9	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	11,193	116	4.1	10,128	483	4.8	N/A	N/A	N/A	N/A	N/A	N/A
Customer accounts	190,234	4,162	8.8	143,697	12,004	8.4	84,962	7,183	8.5	46,262	3,143	6.8
Tenge	158,828	3,671	9.2	118,613	10,290	8.7	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	31,406	491	6.3	25,084	1,714	6.8	N/A	N/A	N/A	N/A	N/A	N/A
Debt securities issued	230,902	6,276	10.9	91,799	10,122	11.0	27,155	1,806	6.7	1,148	174	15.2
Tenge	17,803	430	9.7	12,173	970	8.0	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	213,099	5,846	11.0	79,626	9,152	11.5	N/A	N/A	N/A	N/A	N/A	N/A
Subordinated debt	32,255	691	8.6	21,407	959	4.5	4,864	537	11.0	3,280	238	7.3
Tenge	11,705	130	4.4	7,050	740	10.5	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	20,550	561	10.9	14,357	219	1.5	N/A	N/A	N/A	N/A	N/A	N/A
Total interest-bearing liabilities	**862,108**	**19,365**	**9.0**	**502,047**	**40,350**	**8.0**	**184,602**	**11,604**	**6.3**	**68,717**	**4,205**	**6.1**
Tenge	299,316	6,578	8.8	214,115	17,595	8.2	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency	562,792	12,788	9.1	287,932	22,755	7.9	N/A	N/A	N/A	N/A	N/A	N/A

Note:

(1) Balances for the year ended 31 December 2004 are based on average annual balances rather than average semi-annual balances as average semi-annual data is not available.

	Three months ended 31 March 2007	Year ended 31 December		
		2006	2005	2004(1)
	Average Balance *(KZT millions)*			
Non-interest bearing liabilities				
Due to banks	3	11	30	33
Tenge	—	—	N/A	N/A
Foreign currency	3	11	N/A	N/A
Customer accounts	55,923	38,714	19,464	6,274
Tenge	42,903	27,939	N/A	N/A
Foreign currency	13,020	10,775	N/A	N/A
Other liabilities	6,940	3,119	548	199
Tenge	6,490	2,581	N/A	N/A
Foreign currency	451	538	N/A	N/A
Total non-interest bearing liabilities	**62,866**	**41,844**	**20,042**	**6,506**
Tenge	49,392	30,520	N/A	N/A
Foreign currency	13,474	11,324	N/A	N/A

Note:

(1) Balances for the year ended 31 December 2004 are based on average annual balances rather than average semi-annual balances as average semi-annual data is not available.

Interest-bearing assets

The following table indicates average interest-earning assets and interest income, yield, margin and spread on the Bank's interest-bearing assets for the three months ended 31 March 2007 and the years ended 31 December 2006, 2005 and 2004, as calculated by Management based on information derived from the Bank's Statutory Financial Statements filed with the NBK:

	Three months ended 31 March 2007	Year ended 31 December		
		2006	2005	2004
	(KZT millions, except percentages)			
Average interest-earning assets	900,875	533,556	208,428	72,481
Tenge	442,319	270,273	N/A	N/A
Foreign currency	458,556	263,283	N/A	N/A
Interest Income	36,245	80,193	17,858	6,973
Tenge	25,294	56,758	N/A	N/A
Foreign currency	10,951	23,435	N/A	N/A
Net Interest Income	16,880	39,843	6,254	2,768
Tenge	18,716	39,163	N/A	N/A
Foreign currency	(1,836)	680	N/A	N/A
Yield *(percentage)*	16.1	15.0	8.6	9.6
Tenge	22.9	21.0	N/A	N/A
Foreign currency	9.6	8.9	N/A	N/A
Margin *(percentage)*	7.5	7.5	3.0	3.8
Tenge	16.9	14.5	N/A	N/A
Foreign currency	(1.6)	0.3	N/A	N/A
Spread *(percentage)*	7.1	7.0	2.3	3.5
Tenge	14.1	12.8	N/A	N/A
Foreign currency	0.5	1.0	N/A	N/A

The following table sets out maturity profiles for the Bank's fixed rate interest-earning assets and interest-bearing liabilities as at 31 March 2007:

	Fixed Rate Instruments					
	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Maturity undefined	Total
	(KZT millions)					
Financial assets at fair value through profit or loss.	166,099	940	8,246	11,469	—	186,754
Cash and balances with the NBK	46,026	—	—	—		46,026
Due from banks	79,275	600	1,268	—	—	81,143
Loans to customers	34,909	56,684	412,923	186,558	—	691,074
Investments available-for-sale	2,994	253	1,271	420	—	4,938
Investments held-to-maturity	43	—	—	—		43
Total fixed rate interest- earning assets	**329,346**	**58,477**	**423,708**	**198,447**	**—**	**1,009,948**
Deposit from the NBK	2,000	2,000	—	—	—	4,000
Due to banks	39,352	79,658	53,081	2,564	—	174,655
Customer accounts	37,228	76,244	81,359	2,921	—	197,752
Debt securities issued	1,058	—	278,857	42,640	—	322,555
Due to other financial institutions	5,411	9,489	10,756	—	—	25,656
Subordinated debt	1,158	—	5,298	21,804	3,636	31,896
Total fixed rate interest-bearing liabilities	**86,207**	**167,391**	**429,351**	**69,929**	**3,636**	**756,514**

The following table sets out maturity profiles for the Bank's floating rate interest-earning assets and interest-bearing liabilities as at 31 March 2007:

	Floating Rate Instruments					
	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Maturity undefined	Total
	(KZT millions)					
Financial assets at fair value through profit or loss.	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
Loans to customers	—	—	—	—	—	—
Investments available-for-sale	—	—	—	—	—	—
Investments held-to-maturity	—	—	—	—	—	—
Total floating rate interest- earning assets	—	—	—	—	—	—
Deposit from the NBK	—	—	—	—	—	—
Due to banks	31,180	69,169	79,383	12,334	—	192,066
Customer accounts	—	—	—	—	—	—
Debt securities issued	—	—	—	—	—	—
Subordinated debt	—	—	—	—	—	—
Total floating rate interest-bearing liabilities	**31,180**	**69,169**	**79,383**	**12,334**		**192,066**

Return on Assets and Equity

The following table sets out certain selected financial ratios of the Bank for the periods indicated:

	Three months ended 31 March 2007	Year ended 31 December		
		2006	2005	2004
	(KZT millions, except percentages)			
Net profit	8,307	14,010	1,596	861
Average total assets[1]	1,016,280	626,754	226,309	85,067
Average ordinary shareholders' equity[1]	67,130	42,459	19,949	9,285
Average ordinary shareholders' equity/average total assets[1]	6.6	6.8	8.8	10.9
Net income/				
average total assets *(percentage)*	3.3[2]	2.2	0.7	1.0
average ordinary equity *(percentage)*	49.5[2]	33.0	8.0	9.3
Dividends to preferred shareholders	100	–	49	60
Net income attributable to common shareholders	8,207	14,010	1,547	801
Dividends paid to ordinary shareholders	–	–	–	–
Dividend payout ratio[3] *(percentage)*	1.2	–	3.1	7.0

Note:

(1) Based on the average of the opening and closing balances for the relevant balance sheet item for the period.

(2) Annualised.

(3) Dividend payout ratio represents dividends paid as a percentage of net profit.

Trading and Investment Portfolio

The Bank structures its securities portfolio based on a number of factors, including the liquidity, diversification and yield-to-maturity of the securities held by it. During 2005, Management determined to diversify its securities portfolio to manage its exposure to the NBK and the Government of Kazakhstan, which had historically comprised up to 90 per cent. of the Bank's assets-held-for-trading. Currently, the Bank's policy is to maintain Government securities of not less than 15 per cent. of its total assets, securities of corporates of not more than 30 per cent. and securities of foreign issuers (predominately U.S. Treasury bills) of not more than 65 per cent.

The following table shows the composition of securities held by the Bank as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Financial assets at fair value through profit or loss	186,754	133,745	79,283	31,324
Investments available-for-sale	5,014	5,176	11,109	5,467
Investments held-to-maturity	43	43	463	1,260
Total	**191,811**	**138,964**	**90,855**	**38,051**

The following tables show the maturity of assets included in the Bank's securities portfolio (comprising financial assets at fair value through profit or loss, investments available-for-sale, and investments in associated companies) and the weighted average yield for each range of maturities, as at and for the three months ended 31 March 2007 and as at and for the year ended 31 December 2006, such information not being available for 2005 and 2004:

	As at and for the three months ended 31 March 2007							
	1 year or less		1-5 years		5-10 years		More than 10 years	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Financial assets at fair value through profit or loss								
Bonds of the Government of the United States of America	—	—	17,310	5.47	3,894	4.54	71,531	4.93
Notes of the NBK	57,299	4.94	—	—	—	—	—	—
Other debt securities of central governments	—	—	3,600	6.11	2,200	6.10	—	—
Debt securities of financial institutions	1,286	6.80	10,166	7.38	10,757	7.59	50	8.01
Debt securities of corporates	—	—	3,042	7.05	423	8.69	1,655	9.00
Derivative financial instruments	—	—	—	—	—	—	3,541	—
Investments available-for-sale								
Debt securities	—	—	1,330	8.72	3,427	6.70	181	7.04
Equity securities	—	—	—	—	—	—	76	—
Investments held-to-maturity	—	—	43	7.01	—	—	—	—
Weighted average yield	—	4.98	—	6.34	—	6.73	—	5.03
Total	**58,585**		**35,491**		**20,701**		**77,034**	

	As at and for the year ended 31 December 2006							
	1 year or less		1-5 years		5-10 years		More than 10 years	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Financial assets at fair value through profit or loss								
Bonds of the Government of the United States of America	—	—	16,415	5.12	3,928	4.51	62,830	5.06
Notes of the NBK	10,979	4.57	—		—		—	
Debt securities of central governments	—	—	4,347	6.01	2,382	5.77	-	
Debt securities of financial institutions	—	—	8,475	7.15	9,584	8.04	8,055	8.50
Debt securities of corporates	—	—	3,021	7.25	434	8.51	1,080	9.00
Derivative financial instruments	—	—	—		—		2,216	
Investments available-for-sale								
Debt securities	—		1,484	8.50	3,437	6.25	179	7.05
Equity securities	—	—	—		—		76	
Investments held-to-maturity	—	—	43	8.49	—		—	
Weighted average yield	—	4.57	—	6.09	—	6.74	—	5.51
Total	**10,979**		**33,786**		**19,764**		**74,436**	

Financial assets at fair value through profit or loss

The Bank's portfolio of financial assets at fair value through profit or loss comprises notes issued by the NBK, U.S. Treasury bills, bonds issued by the Ministry of Finance of the Republic of Kazakhstan and other Kazakhstan governmental and corporate issuers. The composition of the Bank's portfolio of financial assets has changed significantly since 2005, when the Bank decided to invest in U.S. Treasury bills. Prior to 2005, its portfolio was constituted almost entirely by notes issued by the NBK and bonds issued by the Ministry of Finance. As at 31 March 2007, 31 December 2006 and 31 December 2005, U.S. Treasury bills comprised 50 per cent., 62 per cent. and 47 per cent. of the Bank's portfolio of financial assets at fair value through profit or loss, respectively, compared to nil as at 31 December 2004. Notes of the NBK accounted for 31 per cent., 8 per cent. and 30 per cent. of the Bank's financial assets, compared to 82 per cent. as at 31 December 2004. The Bank also holds debt securities of financial institutions, including JSC Bank TuranAlem and JSC ATF Bank, and debt securities of Kazakhstan companies, including JSC Ulbinsky Metallurgical Plant and JSC Doszhan Temir Zholi.

The following table shows the structure of the Bank's financial assets at fair value through profit or loss portfolio as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March	As at 31 December		
	2007	2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Bonds of the Government of the United States of America	92,735	83,172	36,887	—
Notes of the NBK	57,299	10,979	23,414	25,728
Other debt securities of central governments	5,800	6,729	6,975	4,029
Debt securities of financial institutions	22,259	26,114	9,856	1,344
Debt securities of corporates	5,120	4,535	2,151	223
Derivative financial instruments	3,541	2,216	—	—
Total financial assets and fair value through profit or loss	**186,754**	**133,745**	**79,283**	**31,324**

Investments available-for-sale

As at 31 March 2007 and as at 31 December 2006, 2005 and 2004, the Bank's investments available-for-sale comprised mostly bonds of the Ministry of Finance of the Republic of Kazakhstan, Eurobonds issued by the government of the Republic of Kazakhstan and other governmental and private Kazakhstan entities. The Bank also holds bonds of other financial institutions, including JSC ATF Bank and JSC Halyk Bank, in its investments available-for-sale portfolio. The Bank's investments available-for-sale also included small equity investments in corporate entities, including shares of the KASE, JSC Processing Centre (a Kazakhstan company established to develop the interbank payment card system through the provision of services and the performance of operations connected with the processing of payment card transactions), First Credit Office (a Kazakhstan company established by a number of Kazakhstan banks in order to set up and process individual borrowers' credit information) and JSC Alliance Capital FK and JSC Alliance Policy.

The following table shows the structure of the Bank's investments available-for-sale portfolio as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December 2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Euronotes of the Ministry of Finance of the Republic of Kazakhstan	1,321	1,336	1,490	1,950
Bonds of the Ministry of Finance of the Republic of Kazakhstan	961	1,064	1,444	1,559
Other debt securities	2,656	2,700	8,099	1,910
Equity securities	76	76	76	48
Total investments available-for-sale	**5,014**	**5,176**	**11,109**	**5,467**

Investments held-to-maturity

The Bank's portfolio of investments held-to-maturity includes Astana municipal bonds of KZT 43 million as at 31 March 2007. As at 31 December 2005, the Bank's investments held-to-maturity also included bonds of the Ministry of Finance of the Republic of Kazakhstan.

Loan Portfolio

The Bank offers a variety of loan products for various purposes. Consumer lending relates primarily to loans for the financing of consumer products, mortgages and car loans. The majority of corporate loans are for working capital and trade finance purposes with a maturity of 12 months or less.

The Bank's loan portfolio is monitored by the Bank's General Credit Committee, which determines the amount that the Bank is prepared to lend, together with the type of collateral required to secure such loans. If there are any problems or potential problems either with the borrower or the credit, the loan is forwarded to the Bank's Problem Loan Division, a sub-division of the Bank's Credit Department. See "— *Lending Policies and Procedures*".

The following table sets out the composition of the Bank's loans as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December 2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Originated loans	704,853	632,876	184,822	55,890
Net investments in finance lease	8,421	8,037	2,830	25
Loans under reverse repurchase agreements	905	14,747	3,982	5,115
Total loans (gross)	714,179	655,660	191,634	61,030
Allowance for impairment losses	(23,105)	(21,113)	(7,555)	(2,606)
Total loans and advances to customers	**691,074**	**634,547**	**184,079**	**58,424**

Loan portfolio by type of loan

The following table presents a breakdown of the Bank's gross loan portfolio, based on KAS, among the Bank's retail and corporate banking segments as at 31 March 2007 and as at 31 December 2006, 2005 and 2004 and a further breakdown of corporate banking loans into SME and large corporate as at 31 March 2007 and as at 31 December 2006:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Retail banking	326,098	46.1	278,936	44.1	49,981	27.3	9,334	17.2
Corporate								
SME	187,515	26.5	167,981	26.5	N/A	N/A	N/A	N/A
Large corporate	193,065	27.3	186,110	29.4	N/A	N/A	N/A	N/A
Total corporate	380,580	53.9	354,091	55.9	133,386	72.7	44,978	82.8
Total	**706,678**	**100.0**	**633,027**	**100.0**	**183,367**	**100.0**	**54,312**	**100.0**

Note:

(1) The numbers in this table are based upon KAS rather than the Unaudited Interim Financial Statements and Financial Statements prepared in accordance with IFRS. Accordingly, the totals do not match and are not directly comparable to the Unaudited Interim Financial Statements and Financial Statements and other numbers presented in this Prospectus.

The table below shows a breakdown of retail loans by type of loan as at 31 March 2007 and as at 31 December 2006, 2005 and 2004, based on KAS:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
"Express" Loans	198,230	60.8	171,612	61.5	16,442	32.9	1,036	11.1
Loans for "Instant Consumer Needs"	67,580	20.7	57,035	20.5	17,136	34.3	3,191	34.2
Mortgages	44,066	13.5	35,991	12.9	10,366	20.7	2,448	26.2
Other consumer loans	16,222	5.0	14,298	5.1	6,037	12.1	2,659	28.5
Total	**326,098**	**100.0**	**278,936**	**100.0**	**49,981**	**100.0**	**9,334**	**100.0**

Note:

(1) The numbers in this table are based upon KAS rather than the Unaudited Interim Financial Statements and Financial Statements prepared in accordance with IFRS. Accordingly, the totals do not match and are not directly comparable to the Unaudited Interim Financial Statements and Financial Statements and other numbers presented in this Prospectus.

Loan portfolio by sector

The Bank's General Credit Committee sets limits on the Bank's total exposure to economic sectors as a percentage of its net loan portfolio, based upon its review of macroeconomic data prepared by the Bank's Corporate Finance Department. Current limits include maximum exposures to wholesale trade companies of 8.2 per cent., to the construction sector of 14.3 per cent. and to service companies of 18.9 per cent., in each case, as a percentage of the Bank's total net loan portfolio based on KAS. The Bank also limits its exposure to high risk sectors of the economy, including the agriculture and transport industry.

The following table sets forth certain information as to the structure of the Bank's loan portfolio by economic sector, as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Individuals	314,168	45.5	269,351	42.4	49,222	26.7	9,010	15.4
Construction	99,287	14.4	73,720	11.6	18,719	10.2	7,941	13.6
Wholesale	58,266	8.4	64,530	10.2	34,630	18.8	10,570	18.1
Population related services[1]	53,164	7.7	47,642	7.5	12,468	6.8	3,376	5.8
Real estate operations	25,990	3.8	29,169	4.6	13,667	7.4	3,046	5.2
Finance services	32,011	4.6	29,167	4.6	3,467	1.9	2,892	5.0
Transportation	23,425	3.4	19,731	3.1	18,358	10.0	1,903	3.3
Paper manufacturing	5,237	0.8	19,526	3.1	7,295	4.0	1,319	2.3
Trade	16,057	2.3	13,625	2.1	4,743	2.6	1,258	2.1
Services related to oil and gas extraction	14,200	2.0	11,301	1.8	406	0.2	14	0.0
Food	10,217	1.5	11,299	1.8	3,222	1.7	2,298	3.9
Finance lease	7,691	1.1	8,037	1.3	2,830	1.5	25	0.0
Agriculture	6,535	0.9	7,846	1.2	3,649	2.0	1,825	3.1
Other	24,826	3.6	29,603	4.7	11,403	6.2	12,947	22.2
Total loans	**691,074**	**100.0**	**634,547**	**100.0**	**184,079**	**100.0**	**58,424**	**100.0**

Note:

(1) Population-related services include companies engaged in education, health, automotive and hospital services.

Loan portfolio by amount

The following table sets forth information relating to the diversification by amount of the Bank's gross loan portfolio as at 31 March 2007 and as at 31 December 2006, 2005 and 2004, based on KAS:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	Volume	per cent.	Volume	per cent.	Volume	per cent.	Volume	per cent.
			(KZT, except percentages)					
Less than KZT 5 million	259,164	36.7	223,823	35.4	33,970	18.5	5,774	10.6
From KZT 5 million to KZT 15 million	38,805	5.5	33,368	5.3	10,218	5.6	3,489	6.4
From KZT 15 million to KZT 50 million	40,135	5.7	32,716	5.1	14,460	7.9	4,873	9.0
From KZT 50 million to KZT 100 million	25,775	3.6	23,678	3.7	9,971	5.4	3,470	6.4
From KZT 100 million to KZT 500 million	74,039	10.5	63,966	10.1	40,105	21.9	18,950	34.9
Greater than KZT 500 million	268,772	38.0	255,506	40.4	74,730	40.7	17,759	32.7
Total loans	**706,690**	**100.0**	**633,057**	**100.0**	**183,454**	**100.0**	**54,315**	**100.0**

Note:

(1) The figures in this table are based on KAS gross loans excluding discount on bills of exchange. Accordingly, the totals do not correspond to the totals in the tables on pages 38 and 98, which are based on KAS gross loans less discount on notes.

Loan portfolio by currency

The level of Tenge-denominated loans has increased to 52 per cent. of the Bank's loan portfolio as at 31 March 2007, compared to 55 per cent. as at 31 December 2006, 50 per cent. as at 31 December 2005 and 66 per cent. as at 31 December 2004. Tenge-denominated loans generally have a shorter-term maturity profile and usually contain provisions that allow the Bank to increase interest rates or demand early repayment in the event of a devaluation of the Tenge. In addition, loans in the Bank's "Express" Loan portfolio are denominated in Tenge.

The following table sets forth the currency profile of the Bank's loan portfolio as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		**As at 31 December**					
			2006		**2005**		**2004**	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Tenge	360,625	52.2	350,854	55.3	92,212	50.1	38,288	65.5
U.S. Dollars	302,268	43.7	270,211	42.6	89,082	48.4	18,688	32.0
Euro	27,509	4.0	12,908	2.0	2,785	1.5	1,448	2.5
Others	672	0.1	574	0.1	—	—	—	—
Total loans	**691,074**	**100.0**	**634,547**	**100.0**	**184,079**	**100.0**	**58,424**	**100.0**

The proportion of loans granted by credit brokers and other trade partners has grown significantly during the periods under review because credit brokers and other trade partners mainly originate "Express" Loans, the category of loans that have exhibited the highest levels of growth.

Due from banks

For the three months ended 31 March 2007 and the years ended 31 December 2006, 2005 and 2004, due from banks was represented by short-term U.S. Dollar deposits placed for liquidity management. The Bank undertakes a conservative approach in its funding activities through deposits. Funds are usually placed for a short-term period with a maximum limit on the amount deposited, unless such loans are backed by state securities or cash deposits.

The following table shows a breakdown by currency of correspondent account balances and loans as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	**As at 31 December**		
		2006	**2005**	**2004**
		(KZT millions)		
Tenge	2,681	6,521	2,229	1,306
Foreign currency	78,462	17,430	8,009	892
Loans and advances to banks, net	**81,143**	**23,951**	**10,238**	**2,198**

Lending Policies and Procedures

The FMSA sets strict guidelines in relation to the credit approval process of banks and the terms, credit levels and interest rates of the loans granted. NBK regulations limit the exposure to any single borrower or group of borrowers to 10 per cent. of a bank's equity for parties related to the bank and to 25 per cent. of a bank's equity for parties not related to the bank. The Bank's own credit approval process is based on NBK regulations and its own internal procedures are established by the Management Board and the Board of Directors. The Bank has established the General Credit Committee, the Small Credit Committee and the Retail Credit Committee to approve loans to be extended by the Bank depending on the type of the borrower.

The General Credit Committee is responsible for the implementation of the Bank's credit policy and for approving the terms of credit facilities and/or guarantees extended by the Bank (including its branches) to large corporate customers for amounts exceeding U.S.$3 million. The Board of Directors is responsible for approving any loan equal to 25 per cent. of the Bank's capital, which is the maximum exposure per client permitted under NBK regulations. The Small Credit Committee is responsible for approving the terms of credit facilities and/or guarantees extended by the Bank (including its branches) to SMEs and corporate customers for amounts of up to U.S.$3 million.

Within each branch, credit decisions for loans below the credit level set for that branch are approved by the credit committee within the branch. The levels for each branch are set by the General Credit Committee and range from U.S.$30,000 to U.S.$1,000,000 aggregate exposure per client. The monitoring unit of the Corporate

Finance Department, which reports to the General Credit Committee, monitors loans approved by individual branches. Individual branch lending limits can be increased up to the maximum limit approved for branches, or revoked, depending on the quality of the loan portfolio of the branch, and the credit quality of the branch's borrowers, as well as the individual branch's compliance with the Bank's credit policies. Lending limits are reviewed on a quarterly basis.

All applications for credit by corporate and retail customers must be submitted to the Bank on its standard forms. The relevant branch conducts an initial compliance review of each application. After such review, depending on the type of borrower and the amount of credit sought, the application is sent for review and analysis by the Bank's SME Business Department for SME loans of up to U.S.$3 million or by its Corporate Finance Department for corporate and SME loans exceeding U.S.$3 million. The relevant department undertakes a thorough review and analysis of the application, including carrying out feasibility studies and analysis of the financial standing, reputation and experience of the potential borrower, and prepares a credit dossier based upon the results of such analysis. If applicable, the relevant credit department obtains references on the potential borrower from third parties, including other banks and various governmental authorities, such as taxation bodies, the NBK and the Interior Ministry. If the loan is to be collateralised, the Bank makes an appraisal of the collateral being offered, including as to valuation, legality and enforceability. The Bank also employs independent legal advisers, including outsourcing companies and international legal firms, to review the loan agreements and other legal documentation involved in the lending process. The Bank's approval policies are based, in part, on EBRD guidelines for SME financing.

As regards retail loans, individual branch credit committees are authorised to approve applications by individuals that do not exceed the limits established by the Bank's Retail Credit Committee. The lending limits, ranging from U.S.$30,000 to U.S.$1,000,000, are established by the branch and are dependent upon the collateral type. The Retail Credit Committee is mainly responsible for the approval and revision of conditions on the provision of retail products, the establishment of separate lending conditions on certain loans, the approval of lending limits on retail lending products for the Bank's branches and the extension of retail loans exceeding established lending limits for the Bank's branches.

Loan applications received by Kazpost, Alliance Retail, Alliance Finance and Dynasty are processed based on an automated scoring system developed by the Bank. This system requires the relevant brokers or Kazpost employees to complete application forms online and to submit the information to the Bank's automated processing system in Almaty. If approved, the loan documents are signed by the customer and sent to the head office, following which loan funds are disbursed. Customers must have an account either with the Bank or Kazpost to obtain a loan through the Kazpost network or a broker.

The current scoring model is based on the following criteria: social demographic characteristics (including age, job, position and marital status); the history of any relationship with the Bank (including credit use and timelines of repayment); and information obtained from databases of the State Pension Payment Centre ("SPPC") and tax authorities.

Information from the SPPC allows the model to determine employment, any change of employer and frequency of pension contributions and to calculate average monthly salaries, the ratio of income or revenue to the requested loan amount and the maximum amount of the loan.

The Bank cooperates with collection agents, including related parties of SAFC, in the area of debt collection and cards and payments. The Bank transfers loans which are more than 90 days overdue to five different collection agents, including two wholly owned SAFC subsidiaries, Kazakhstan Debt Recovery and Kazakhstan Collector Company, for collection. The Bank's policy was recently changed such that it now plans to transfer all loans which are 60 days, rather than 90 days, overdue to its collection agents. The Bank generally pays commissions of approximately 20 per cent. for loans recovered by these collection companies.

Maturity Limit

The Bank's lending policy includes maturity limits for different types of loans. The maximum maturity of each type of loan is set forth below:

Nature of the Loan	Maximum maturity
Financing of working capital	Up to four years
Consumer credit to individuals	Up to seven years
Loans to employees	Up to five years
Payroll	Up to one month
Investments	Up to seven years
Mortgage loans	Up to 20 years
Leasing	Up to seven years
Inter-bank credit	
Short-term	Overnight Up to one year Up to one month
Long-term	Above one year

The following tables set forth certain information (based on KAS) as to the maturity of the Bank's gross loan portfolio by credit quality classification as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	31 March 2007				
	Up to 30 days	1-5 months	5-10 months	More than 10 months	Total
	(KZT millions, unaudited)				
Classification					
Standard	10,001	47,323	27,882	528,448	613,656
Substandard	894	6,118	6,961	47,897	61,870
Unsatisfactory	427	764	800	19,422	21,412
Doubtful	152	341	127	6,646	7,265
Loss Loans	2,301	342	616	6,717	9,976
Total	**13,775**	**54,888**	**36,386**	**609,130**	**714,179**

	31 December 2006				
	Up to 30 days	1-5 months	5-10 months	More than 10 months	Total
	(KZT millions, unaudited)				
Classification					
Standard	25,293	24,314	16,673	452,886	519,165
Substandard	2,177	4,782	19,321	79,045	105,327
Unsatisfactory	434	536	209	16,163	17,342
Doubtful	1,145	371	422	4,883	6,821
Loss Loans	2,553	226	527	3,700	7,005
Total	**31,602**	**30,229**	**37,152**	**556,677**	**655,660**

	31 December 2005				
	Up to 30 days	1-5 months	5-10 months	More than 10 months	Total
	(KZT millions, unaudited)				
Classification					
Standard	7,425	4,723	4,130	103,939	120,214
Substandard	5,675	2,002	3,034	48,241	58,952
Unsatisfactory	341	784	1,405	1,549	4,081
Doubtful	180	37	19	1,241	1,477
Loss Loans	2,541	516	169	3,683	6,910
Total	**16,162**	**8,062**	**8,757**	**158,653**	**191,634**

	31 December 2004				
	Up to 30 days	1-5 months	5-10 months	More than 10 months	Total
	(KZT millions, unaudited)				
Classification					
Standard	1,540	4,058	4,153	32,211	41,965
Substandard	277	513	2,494	10,548	13,832
Unsatisfactory	94	166	252	983	1,494
Doubtful	22	32	938	283	1,274
Loss Loans	1,456	192	95	723	2,465
Total	**3,389**	**4,961**	**7,932**	**44,748**	**61,030**

Collateralisation

To reduce its credit risk on loans other than "Express Loans", in certain cases the Bank requires collateral from borrowers. Collateral includes, but is not limited to, real estate, machinery and motor vehicles, industrial equipment and industrial goods and inventories, as well as cash deposits, domestic securities and personal, corporate and financial institution guarantees. The Bank regularly monitors the quality of the collateral taken as security.

In certain cases when existing collateral decreases in value, additional collateral may be requested. In addition, the terms of its loan agreements usually provide the Bank with the flexibility to adjust interest rates or request a prepayment of the loan or a portion thereof upon changes in circumstances, including a decline in the value of collateral.

The following table sets out the maximum loan amount as a percentage of the value of the corresponding collateral, based on the type of collateral:

Collateral Categories	Loan/ Collateral Value
Cash	100%
Corporate securities	70%
Corporate securities (not publicly traded)	80%
Residential real estate	90%
Commercial real estate	80%
Goods in turnover	60%
Equipment	70%

The following table sets forth a breakdown of the Bank's collateralised and uncollateralised loans (which exclude uncollateralised loans which are insured by Alliance Policy) by amount and as a percentage of total loans as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Collateralised	690,720	99.9	633,945	99.9	169,515	92.1	57,544	98.5
Uncollateralised	354	0.1	602	0.1	14,564	7.9	880	1.5
Total loans	**691,074**	**100.0**	**634,547**	**100.0**	**184,079**	**100**	**58,424**	**100**

The following table sets forth a breakdown of total loans by type of collateral and as a percentage of the total loan portfolio as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Loans collateralised by real estate	380,092	55.0	311,645	49.1	112,454	61.1	32,773	56.1
Loans insured by related party	187,701	27.2	162,454	25.6	—	0.0	—	0.0
Loans collateralised by transport vehicles.	33,453	4.8	37,098	5.9	19,130	10.4	3,198	5.5
Loans collateralised by deposits	11,052	1.6	26,654	4.2	6,324	3.4	1,316	2.3
Loans collateralised by securities	32,775	4.7	24,019	3.8	12,254	6.7	7,349	12.6
Loans collateralised by guarantees	10,564	1.5	22,260	3.5	5,418	2.9	4,140	7.1
Loans collateralised by goods	9,947	1.4	9,191	1.4	5,465	3.0	3,180	5.4
Finance leasing	7,691	1.1	8,037	1.3	2,830	1.5	25	0.0
Loans collateralised by equipment	1,708	0.3	1,853	0.3	4,706	2.6	2,183	3.7
Uncollateralised consumer loans	354	0.1	602	0.1	14,564	7.9	880	1.5
Other	15,737	2.3	30,734	4.8	934	0.5	3,380	5.8
Total loans	**691,074**	**100.0**	**634,547**	**100.0**	**184,079**	**100**	**58,424**	**100.0**

Related borrowers of the Bank (being borrowers that are related to each other in some way, for example having common shareholders or being owned by other such companies) are treated as a single borrower by the Bank and are required to provide cross-collateral for loans. If there is a default by one borrower, all the other borrowers of the same group of related borrowers become liable and the Bank can enforce collateral provided by such other related borrowers to repay the defaulted obligations.

The laws of Kazakhstan allow a secured creditor to foreclose on collateral upon the occurrence of an event of default through both judicial and non-judicial procedures. Non-judicial foreclosure allows the secured creditor to seize collateral in the event of a default and to hold an auction, if necessary, to dispose of such collateral after 60 days' notice. The Bank's security documents also provide for both non-judicial and judicial foreclosure. To be enforceable, a pledge over immovable property is required to be registered with local departments of the Ministry of Justice. In certain cases, the same requirement applies to movable property. The Bank requires all of its pledges to be so registered.

Insurance of uncollateralised loans

To reduce its credit risk on uncollateralised retail loans, from June 2006 the Bank started insuring repayment of the principal amount and interest under all of the Bank's uncollateralised retail loans, including its "Express" Loans. As at 31 March 2007, substantially all of the Bank's "Express" Loans (other than those granted to Kazpost employees and certain loans where repayments are automatically deducted from the borrower's salary) were insured using this method. The Bank normally pays insurance premiums of approximately 5 per cent. of the insured amount of the loan.

Portfolio Supervision

The Bank classifies its loans in accordance with requirements established by the NBK. The monitoring unit of the Bank's Risk Management Division is responsible for monitoring the loan portfolio of the Bank, including specific review of the loan portfolio of each branch. The monitoring unit of the Risk Management Division monitors the Bank's loan portfolio using an automated centralised programme on a daily basis, which allows the monitoring unit to identify problem credits or loans at an early stage. Using this system, the monitoring unit provides weekly updates on the condition of the loan portfolio in general and any problematic loans specifically to branches and to the director of the Risk Management Division, which allows the Risk Management Division to evaluate the quality of the loan portfolio and the requirements for loan loss provisions in relation to it. In addition, an in-depth review of each borrower is carried out by each branch on a monthly basis during which the financial condition of the borrower and the status of any collateral is re-assessed. In the event of a default, the relevant originating credit division is notified to assess the situation in conjunction with the Risk Management Division.

Loans are classified by reference to: (i) the customer's financial performance; (ii) the timeliness of repayment of principal and/or interest; (iii) the quality of collateral; (iv) whether there has been any extension of the loan; (v) the timeliness of repayments on other loans; (vi) whether there has been any unauthorised use of the loan; (vii) whether other credits to that customer have been written off; and (viii) any rating assigned to the customer.

Each of the criteria of financing is assessed and then assigned a risk weight grade according to the following matrix:

Criteria	Grade	Criteria	Grade
Financial Performance		**Timeliness of Repayment on Other Loans**	
Stable	0	On time payments	0
Satisfactory	+1	Payments overdue	+1
Unstable	+2	**Unauthorised Use of the Loan**	
Critical	+4	Up to 25%.	0
Timeliness of Repayment of the Loan		25 to 50% (non-inclusive)	+1
On time payments	−1	50 to 75% (non-inclusive)	+2
Overdue by 1-30 days	+1.5	75 to 100% (non-inclusive)	+3
Overdue by 31-60 days	+2.5	100% and more	+4
Overdue by 61-90 days	+3.5	**Write-offs**	
Overdue by more than 90 days	+4.5	None	0
Quality of Collateral		Some	+2
Reliable	−3	**International Rating**	
Good	−2	"A" and above	−3
Satisfactory	0	Above Kazakh sovereign to "A"	−2
Unsatisfactory	+1	Kazakh sovereign	−1
No collateral	+2	Below Kazakh sovereign/No rating	0
Extensions			
None	0		
Some	+(no. of extensions)		

In relation to the financial performance criteria:

"Stable" means that the customer is solvent, has no losses and has a strong market presence, and that there are no external or internal factors evidencing deterioration in the financial performance until maturity of the loan or doubts as to repayment of the loan and there is no substantial maturity gap between assets and liabilities of the borrower.

"Satisfactory" means that there are some indications of temporary deterioration in the financial performance of the customer, such as a decrease in revenues and/or deterioration in cash position or market share, or that there are some external and/or internal factors that might affect the financial performance of the customer and, although there is some probability of default, there is an expectation that the customer can overcome such temporary problems.

"Unstable" means that there are serious indications of constant and significant deterioration in the financial performance of the customer such as losses, diminished liquidity or continuous deterioration of market share. In relation to a customer which is a bank, the FMSA has within the previous year taken steps against the relevant bank by issuing any supervision (*nablyudeniye*), bankruptcy management (*konkursnoye proizvodstvo*), financial rehabilitation (*finansovoye ozdorovleniye*) or temporary administration (*vremennaya administratsiya*) orders (collectively, "Administration Orders") against such bank. No assurance can be made that the customer's financial performance will improve and the information is not sufficient to assess the customer's financial position.

"Critical" means that the continuous deterioration of the financial performance of the customer has reached a critical stage and is characterised by significant financial losses, insolvency, significant deterioration of market share or negative equity capital; in relation to any customer, the customer commences or has had commenced against it any bankruptcy, liquidation or winding-up proceedings or, in relation to a customer which is a bank, an Administration Order has been in effect for more than a year, or *force majeure* events have materially affected the customer or its activities or financial information about the customer is absent.

In relation to the quality of collateral criteria:

"Reliable" means highly liquid collateral, in the form of Kazakhstan governmental guarantees, guarantees from banks having an international rating of not less than "AA" by S&P (or the equivalent from other rating agencies), cash collateral and pledges over Kazakhstan governmental securities, securities issued by foreign governments having an international rating of not less than "A" by S&P (or the equivalent from other rating agencies) or monetary precious metals, securing all of the credit.

"Good" means highly liquid collateral (as in Reliable) securing not less than 90 per cent. of the credit.

"Satisfactory" means non-highly liquid collateral secures all of the credit or highly liquid collateral (as in Reliable) securing not less than 70 per cent. of the credit.

"Unsatisfactory" means any collateral securing not less than 50 per cent. of the credit.

"No collateral" means that the loan is not secured or any form of collateral securing less than 50 per cent. of the credit.

On 1 April 2007, new FMSA regulations on the classification of loans came into effect. The new regulations include more stringent requirements for mortgage loans, and require mortgage loans secured by property located outside Kazakhstan to be considered as unsecured for purposes of portfolio supervision. In addition, loans denominated in foreign currencies to borrowers who do not engage in foreign currency transactions will be considered one financial performance category below where they would otherwise fall in the above table. So for instance, if a foreign currency loan would be classified with a financial performance rating of stable, but the borrower does not engage in foreign currency transactions, that loan will be classified only as satisfactory. The Bank has revised its risk assessment policies to reflect the new regulations. In addition to the more stringent asset classification standards, the FMSA is also empowered under the new regulations to require banks to increase their provisions.

Based on the Bank's assessment, the risk weight grades for all criteria are then combined, resulting in classification of the Bank's portfolio as follows, according to FMSA requirements and the risk assessment methodology of the Bank:

Total Grades	Timeliness of Repayment	FMSA Classification	Risk assessment of the Bank
Less than 1	Current	Standard	Standard
1-2	Current	Doubtful 1st category	Sub-standard
	Overdue	Doubtful 2nd category	Sub-standard
2-3	Current	Doubtful 3rd category	Unsatisfactory
	Overdue	Doubtful 4th category	Unsatisfactory
3-4	Both current and overdue	Doubtful 5th category	Doubtful
4 and more	Both current and overdue	Loss	Loss

Total classified loans under the FMSA's classification comprise doubtful loans (irrespective of the categories) and loss loans. Total classified loans according to the risk assessment methodology of the Bank include unsatisfactory loans, doubtful loans and loss loans.

In addition, the Bank established its own internal customer rating system in 2003 pursuant to which each of the Bank's customers are assigned a credit rating based on the Bank's internal system. The ratings assigned are based on criteria such as the customer's management, credit history, quality of collateral and financial performance. The assigned ratings determine the applicable interest rate, other terms and conditions of the credit extended to the customer and the frequency and level of monitoring of the customer.

The Risk Management Division produces a monthly report to the General Credit Committee, which covers all aspects of the Bank's credit activity, including the timeliness of debt repayments and the classification of loans and contingent liabilities. Any deterioration in the overall quality of the entire loan portfolio is brought to the attention of the Bank's Management Board. If any repayment problems arise, the monitoring unit of the Risk Management Division notifies the director of the Risk Management Division and immediate action is taken by the Risk Management Division and the Corporate Finance Department, which together have responsibility for supervising and monitoring loan repayment if any principal or accrued interest repayment problems arise. The Bank's determination as to whether a repayment problem has arisen is based on a number of objective and subjective criteria, including the credit's classification as described above, sudden changes in volume in the customer's accounts with the Bank, sudden changes in the standard of living of the customer, which imply improper use of credit facilities, applications to change credit terms, failure of the customer or a counterparty to fulfil terms under a contract relating to the credit, and refusal of a customer to co-operate in supplying documentation and/or refusal by the customer to speak to the Bank's officers when required to do so. The Bank believes that it has a good record in enforcing its security and attempts to resolve security enforcement without resorting to court action or arbitration where possible. In particular, the Bank takes immediate steps to issue notices of default and to carry out the subsequent sale of any pledged collateral either in cooperation with the customer or by way of enforcement of security.

Provisioning Policy and Write-Offs

The classification matrix described above is also used to determine the provisioning rate for certain types of loans. Calculation of provisions is carried out on a monthly basis. Pursuant to FMSA regulations which came into effect on 1 April 2007, the Bank sets provisions for its "Express" Loan portfolio based on its assessment of risk in the portfolio on an aggregate basis rather than on a case-by-case basis. The Bank considers historical data in its assessment of its "Express" Loan portfolio, including past rates of overdue loans, as well as the proportion of loans which are insured by Alliance Policy and other risk criteria, to determine its maximum risk exposure in respect of the aggregate portfolio. The Bank will continue to review historical data on this portfolio on a monthly basis and will revise its provisioning rate to reflect the results of its analysis.

With respect to the remainder of the Bank's loan portfolio, it sets provisions on a case-by-case basis. Actual provisions established take into account the value of any collateral or third party guarantees. For this reason, actual provision levels may differ from the prescribed provisioning rate.

Prior to 1 June 2007, the Bank considered a loan to be non-performing when either interest or principal payments were past their due date by 30 days or more. As a result of recent changes to IFRS and the withdrawal of a FMSA standard that required the inclusion of all loans overdue by more than 30 days in the non-performing loans category, on 1 June 2007 the Bank changed its policy on overdue loans such that it now categorises non-performing loans based on objective characteristics, including the probability of receiving future cash flows from those loans. In particular, under the new policy, the Bank will categorise "Express" Loans which are more than 120 days overdue and all other loans which are more than 90 days overdue as non-performing loans. Once a loan is categorised as non-performing, the accrual of interest is suspended.

In 2004, the Bank changed its write-off policy from that prescribed by the FMSA to its own risk assessment methodology. Accordingly, the Bank does not write off loans until such time as the recovery value is determined to be zero. Once a loan has been fully provisioned by the Bank, the Risk Management Division continues to monitor the loan and related collateral for a five-year period in order to assess the possibility of making a recovery.

The table below sets forth certain information (based on KAS) relating to the Bank's loans and the credit classifications and provisions in relation to them in accordance with the risk assessment methodology of the Bank as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007			As at 31 December								
				2006			2005			2004		
	Total exposure	**Total reserves**	**Reserves/ Exposure**	**Total exposure**	**Total reserves**	**Reserves/ Exposure**	**Total exposure**	**Total reserves**	**Reserves/ Exposure**	**Total exposure**	**Total reserves**	**Reserves/ Exposure**
	(KZT millions)		*(per cent.)*	*(KZT millions)*		*(per cent.)*	*(KZT millions)*		*(per cent.)*	*(KZT millions)*		*(per cent.)*
Standard	613,656	—	3.8	519,166	—	4	120,215	—	6.3	41,964	—	6.2
Sub-standard	61,870	4,423	37.3	105,327	6,757	20	58,952	2,888	12.8	13,832	681	18.8
Unsatisfactory	21,412	5,073	107.9	17,342	3,941	121.7	4,081	719	185.2	1,494	268	174.4
Doubtful	7,265	3,632	318	6,821	3,411	309.5	1,477	492	511.6	1,274	425	204.5
Loss	9,976	9,976	231.6	7,055	7,005	301.4	6,910	3,455	109.3	2,465	1,232	105.7
Total	**714,179**	**23,105**	**3.2**	**655,660**	**21,113**	**3.2**	**191,634**	**7,555**	**3.9**	**61,030**	**2,606**	**4.3**

Note:

(1) The numbers in this table are based upon KAS rather than the Unaudited Interim Financial Statements and Financial Statements prepared in accordance with IFRS. Accordingly, the totals do not match and are not directly comparable to the Unaudited Interim Financial Statements and Financial Statements and other numbers presented in this Prospectus.

Non-performing loans, which during the periods under review were defined as loans which are more than 30 days overdue, were KZT 36,176 million (5.1 per cent. of the gross loan portfolio) as at 31 March 2007, compared to KZT 22,739 million (3.6 per cent. of the gross loan portfolio) as at 31 December 2006, KZT 3,725 million (2.0 per cent. of the gross loan portfolio) as at 31 December 2005 and KZT 1,650 million (3.0 per cent. of the gross loan portfolio) as at 31 December 2004, all based on KAS (which differ from information based on IFRS appearing elsewhere in this document).

As noted above, the Bank recently changed its policy on non-performing loans such that it now considers "Express" Loans which are overdue by more than 120 days and all other loans which are overdue by more than 90 days to be non-performing. If the Bank's new policy on non-performing loans were applied to its loan portfolio on a historical basis, non-performing loans would have been KZT 14,270 million (2.0 per cent. of the gross loan portfolio) as at 31 March 2007, compared to KZT 7,653 million (1.2 per cent. of the gross loan portfolio) as at 31 December 2006, KZT 2,363 million (1.3 per cent. of the gross loan portfolio) as at 31 December 2005 and KZT 761 million (1.4 per cent. of the gross loan portfolio) as at 31 December 2004, all based on KAS. The Bank believes that, as at June 2007, its non-performing loans as a percentage of the gross loan portfolio had increased somewhat, with non-performing "Express" Loans increasing at a faster rate than non-performing corporate and SME loans.

Since 31 March 2007, loans overdue by more than 30 days have remained relatively stable. However, loans overdue by 90 days or more have been increasing. The Bank believes that this is largely the result of the inability of collection agents to process the high volume of overdue loans quickly, and to attempt to remedy this, SAFC plans to open two new collection agents to help process these loans.

The following table provides information as to amounts past due as at the dates indicated:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Period past due								
Up to 1 month	1,036	14.1	1,443	30.1	226	8.8	324	18.5
1-3 months	1,341	18.2	1,165	24.3	396	15.3	385	22.0
3-4 months	509	6.9	474	9.9	149	5.8	21	1.2
More than 4 months	4,482	60.8	1,173	35.7	1,806	70.1	1,021	58.3
Past due, total	**7,368**	**100.0**	**4,795**	**100.0**	**2,577**	**100.0**	**1,751**	**100.0**

The following table provides information regarding the Bank's allowance for impairment losses for the three months ended 31 March 2007 and the years ended 31 December 2006, 2005 and 2004:

	As at and for the three months ended 31 March 2007	As at and for the year ended 31 December		
		2006	2005	2004
	(KZT millions, unaudited)		*(KZT millions)*	
Provision for impairment losses at the beginning of period	21,113	7,555	2,606	1,632
Provision	2,029	14,032	4,921	1,305
Write-off of assets	(39)	(534)	(39)	(334)
Recoveries of assets previously written off	2	60	67	3
Provision for impairment losses at the end of period	**23,105**	**21,113**	**7,555**	**2,606**

Funding

Historically, the Bank's principal source of funding was domestic customer deposits. However in 2005 and 2006, borrowings from international and domestic banks and the issuance of debt securities in domestic and international markets played an increasingly significant role in meeting the Bank's funding needs. In addition, the Bank relies on short-term deposits and loans from other domestic banks for funding.

The following table sets out the Bank's sources of funds as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Deposit from the NBK	4,000	0.4	2,000	0.2	6,000	2.0	4,000	3.9
Due to banks	366,721	36.3	363,005	43.2	98,780	32.4	26,056	25.1
Due to other financial institutions	25,656	2.5	25,174	3.0	987	0.3	—	0.0
Customer accounts	250,411	24.8	272,786	32.4	139,233	45.7	67,737	65.2
Debt securities issued	322,555	32.0	139,249	16.6	53,488	17.5	1,999	1.9
Income tax liabilities	2,977	0.3	2,012	0.2	—	—	—	—
Other liabilities	5,019	0.5	3,872	0.5	889	0.3	207	0.2
Subordinated debt	31,896	3.2	32,614	3.9	5,349	1.8	3,873	3.7
Total liabilities	**1,009,235**	**100.0**	**840,712**	**100**	**304,726**	**100**	**103,872**	**100.0**

Customer deposits

As at 31 March 2007, the total funds from customer accounts of the Bank were KZT 250,411 million, deposited in 929,632 accounts (including current accounts). As at 31 March 2007, the Bank's 10 largest depositors accounted for 5 per cent. of total liabilities, compared to 7 per cent. as at 31 December 2006, 16 per cent. as at 31 December 2005 and 21 per cent. as at 31 December 2004. This trend has been achieved as the Bank has continued to attract deposits from retail customers, thus diluting the top 10 depositors as a total percentage of customer deposits.

As at 31 March 2007, time deposits were KZT 162,205 million (72 per cent. of total deposits (excluding guarantee deposits and loans under repurchase agreements)), compared to KZT 153,146 million (56 per cent. of total customer accounts) as at 31 December 2006, KZT 101,697 million (73 per cent. of customer accounts) as at 31 December 2005 and KZT 50,191 million (74 per cent. of customer accounts) as at 31 December 2004.

Customer deposits by type of deposit

The following tables set out the customer deposits of the Bank by type of deposit as at 31 March 2007 and as at 31 December 2006, 2005 and 2004.

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Time deposits	162,205	64.8	153,146	56.1	101,697	73.1	50,191	74.1
Repayable on demand	62,332	24.9	68,438	25.1	29,852	21.4	14,428	21.3
Guarantee deposits and loans under repurchase agreements	25,874	10.3	51,202	18.8	7,684	5.5	3,118	4.6
Total customer accounts	**250,411**	**100.0**	**272,786**	**100**	**139,233**	**100**	**67,737**	**100.0**

Customer deposits by sector

The following table sets out customer deposits by sector as at 31 March 2007 and as at 31 December 2006, 2005 and 2004.

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(KZT millions, unaudited)	*(KZT millions)*		
Individuals	101,794	112,187	40,561	21,394
Finance services	58,817	60,806	30,100	10,105
Construction	8,593	28,178	4,351	2,130
Trade	27,664	20,308	13,084	7,515
Ancillary activity of service providers to customers	16,954	15,912	15,198	5,069
State administration	7,751	10,462	5,724	4,728
Agriculture	1,719	4,850	5,343	6,103
Transport and communication	5,086	4,674	4,664	5,296
Other fields of mineral resource industry	3,553	3,154	—	—
Metallurgy	3,575	2,307	13,610	443
Arts	823	1,334	1,091	—
Paper industry	1,007	1,185	—	—
Production of crude oil and natural gas	1,380	1,076	—	—
Machinery	441	1,010	200	58
Other	11,254	5,343	5,307	4,896
Total customer accounts	**250,411**	**272,786**	**139,233**	**67,737**

The following table sets out a breakdown of the Bank's demand and time deposits by type of customer as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions, unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Repayable on demand								
Commercial entities	51,918	20.7	60,060	22.0	26,432	19.0	13,913	20.5
Individuals	9,994	4.0	8,107	3.0	1,989	1.4	492	0.7
Government entities	420	0.2	271	0.1	1,431	1.0	23	0.1
Total repayable on demand	62,332	24.9	68,438	25.1	29,852	21.4	14,428	21.3
Time deposits								
Individuals	60,868	24.3	63,939	23.4	60,304	43.3	20,394	30.1
Commercial entities	74,720	29.8	85,546	31.4	31,070	22.3	20,734	30.6
Government entities	24,757	9.9	2,288	0.8	9,102	6.6	8,663	12.8
Total time deposits	160,345	64.0	151,773	55.6	100,476	72.2	49,791	3.5
Guarantee deposits and accrued interest expense on customer accounts	27,734	11.1	52,575	19.3	8,905	6.4	3,518	5.2
Total customer accounts	**250,411**	**100.0**	**272,786**	**100.0**	**139,233**	**100.0**	**67,737**	**100.0**

Customer deposits by maturity

The following table sets out information on the maturity profile of the Bank's term deposits as at the dates indicated:

	As at 31 March 2007		As at 31 December					
			2006		2005		2004	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
On demand	62,332	24.9	68,438	25.1	29,852	21.4	14,428	21.3
Up to 1 month	20,586	8.2	41,783	15.3	18,754	13.5	8,178	12.1
1 month to 3 months	6,969	2.8	10,871	4.0	12,291	8.8	5,814	8.6
3 months to 1 year	76,244	30.4	65,932	24.1	37,599	27.0	22,497	33.2
1 year to 5 years	81,359	32.5	82,580	30.3	40,291	29.0	16,776	24.7
Over 5 years	2,921	1.2	3,182	1.2	446	0.3	44	0.1
Total customer accounts	**250,411**	**100.0**	**272,786**	**100.0**	**139,233**	**100.0**	**67,737**	**100.0**

Average interest rates on customer deposits

The interest rates on the Bank's deposits are similar to those of competing banks, allowing the Bank to offer rates which are competitive with those of other institutions in Kazakhstan.

The following table sets out the weighted average interest rates on the Bank's deposits as at 31 March 2007 and as at 31 December 2006, 2005 and 2004, respectively:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
	(per cent.)			
Tenge deposits				
Time deposits	10.3	10.4	8.1	8.5
Demand deposits	2.0	2.0	—	2.0
Foreign currency deposits				
Time deposits	6.7	7.0	6.2	7.5
Demand deposits	1.0	1.0	—	1.0

Foreign Currency Bank Borrowings

Over the course of the past few years, the Bank has entered into a number of financings with foreign banks and other financial institutions, which are summarised in the table below:

Description	Date of Facility	Arranger	Maximum Principal Amount	Amount Borrowed	Status
Deutsche/ING Facility	7 November 2005	Deutsche Bank AG, ING Bank N.V.	U.S.$170 million	U.S.$170 million	Tranche "A" (U.S.$119 million) repaid; Tranche "B" (U.S.$51 million) outstanding
EBRD Trade Facilitation Programme	27 December 2005	EBRD	U.S.$10 million	U.S.$10 million	Outstanding
EBRD Kazakhstan Small Business Programme III Facility	26 January 2006	EBRD	U.S.$5 million	U.S.$5 million	Outstanding
Morgan Stanley KZT Facilities	28 December 2005, 13 January 2006, 25 April 2006, 5 December 2006	Morgan Stanley Bank International Limited	KZT 56.3 billion	KZT 56.3 billion	Outstanding
EBRD Warehouse Receipt Programme Facility	9 March 2006	EBRD	U.S.$5 million	U.S.$5 million	Outstanding
EBRD SME Credit Line Facility	9 March 2006	EBRD	U.S.$10 million	U.S.$10 million	Outstanding

Description	Date of Facility	Arranger	Maximum Principal Amount	Amount Borrowed	Status
Bankgesellschaft Schuldschein	23 March 2006	Bankgesellschaft Berlin AG	U.S.$46 million	U.S.$46 million	Outstanding
Standard Bank Facility	31 March 2006	Standard Bank Plc	U.S.$30 million	U.S.$30 million	Outstanding
Wachovia Facility	11 May 2006	Wachovia Bank, N.A.	U.S.$16 million	U.S.$16 million	Outstanding
ADB Facility	15 June 2006	Asian Development Bank	U.S.$50 million	U.S.$50 million	Outstanding
Bank of Tokyo Facility	20 June 2006	Bank of Tokyo-Mitsubishi UFJ Ltd./ Citibank N.A./Raiffeisen Zentralbank/ Standard Chartered Bank	U.S.$400 million	U.S.$400 million	Tranche “A” (U.S.$249.25 million) repaid; Tranche “B” (U.S.$150.75 million) outstanding
Moore’s Creek Facilities	21 August 2006	Moore’s Creek Capital Corporation	KZT 25.36 billion	KZT 25.36 billion	Outstanding
Morgan Stanley USD Facility	31 August 2006	Morgan Stanley Bank International	U.S.$200 million	U.S.$200 million	Outstanding
Citibank/ING/Standard Bank Facility	1 November 2006	Citibank N.A./ING/ Standard Bank	U.S.$300 million	U.S.$300 million	Outstanding
Citibank Term Loan Facility	21 December 2006	Citibank N.A.	U.S.$160 million	U.S.$160 million	Outstanding
EBRD KZT Mortgage Facility	28 December 2006	EBRD	KZT 3 billion	KZT 3 billion	Outstanding
Murabaha Islamic Facility	19 March 2007	CALYON & Abu Dhabi Islamic Bank	U.S.$150 million	U.S.$150 million	Outstanding
DEG Facilities	24 May 2007; 22 June 2007	DEG Bank	U.S.$22.5 million subordinated; U.S.$22.5 million senior	U.S.$45 million	Outstanding
Sumitomo Facility	13 June 2007	Arab Bank PLC, Commerzbank Aktiengesellschaft, Standard Chartered Bank and Sumitomo Mitsui Banking Corporation Europe Limited	U.S.$400 million	U.S.$400 million	Outstanding
Morgan Stanley JPY Facility	29 June 2007	Morgan Stanley	JPY 18,375 million	JPY 18,375 million	Outstanding

The Bank has entered into several significant syndicated loans during the periods under review, which have primarily been used by the Bank to finance trade finance transactions. In March 2007, the Bank entered into a U.S.$150 million Murabaha Islamic Financial Facility. In December 2006, it entered into a U.S.$160 million syndicated term loan facility with Citibank N.A. as arranger. In November 2006, it also signed a U.S.$300 million syndicated term loan facility arranged by Citibank N.A., ING Bank N.V. and Standard Bank plc. The Bank entered into its largest ever syndicated loan in June 2006, in the amount of U.S.$400 million. Bank of Tokyo-Mitsubishi UFJ Ltd., Citigroup, Raiffeisen Zentralbank Österreich AG and Standard Chartered Bank acted as arrangers for the facility. Tranche A of this facility was repaid on 20 June 2007. During 2005, the Bank also entered into a syndicated loan facility with Deutsche Bank AG, London Branch and ING Wholesale Banking acting as lead arrangers, in the amount of U.S.$170 million. The bank subsequently repaid Tranche A of this facility.

In addition to these syndicated loan facilities, the Bank has also entered into several bilateral loan facilities for smaller amounts, including the Morgan Stanley KZT Facilities, the Bank Gesellschaft Schuldschein, the Standard Bank Facility, the ADB Facility, the Moore’s Creek Facilities and the DEG facilities, which are included in the above table. Certain of the Bank’s syndicated and bilateral loan agreements contain covenants relating to maintenance of financial ratios and limitation of exposure levels.

In April 2007, the FMSA enacted amendments to the capital adequacy regulations which will limit the total amount of external loans and issued debt securities which a bank can incur to a multiple of such bank's "own capital". The Bank must be in full compliance with the new regulations by 1 April 2008. Accordingly, the Bank may be required to curtail its foreign borrowings or repay certain of the borrowings described above. See *"Risk Factors — Risk Factors Relating to Operating in the Kazakhstan Banking Sector — Recent regulatory changes in Kazakhstan may adversely affect the Bank's business"*.

EBRD's Established Programmes

The EBRD has provided the Bank with funding for certain types of activities. For instance, in December 2006, the Bank signed a credit facility with the EBRD in the amount of KZT 3 billion to finance the granting of mortgage loans to individuals. The EBRD has also lent money to the Bank for the financing of the SME sector in Kazakhstan, including a five year loan extended by the EBRD in March 2006 for the financing of Kazakh entities requesting loans in amounts between U.S.$200,000 and U.S.$750,000. The Bank also participates in the EBRD's Kazakhstan Small Business Programme ("KSBP III"), which addresses financing needs of micro and small enterprises in Kazakhstan with a focus on rural areas and agricultural loans. In connection with this programme, in January 2006 the Bank and the EBRD signed a loan agreement for U.S.$5 million. At the date of this Prospectus, the Bank had borrowed a total of KZT 3 billion and U.S.$30 million from the EBRD under several different loan agreements. The Bank's loan agreements with the EBRD contain certain financial covenants relating to maintenance of capital adequacy ratios and limitation of exposure levels.

Domestic Bonds

In April 2005, the Bank registered its domestic bond programme (the "2005 Domestic Bond Programme") with the FMSA. Under the 2005 Domestic Bond Programme, the Bank is entitled to, at any time, subject only to further registration with the FMSA (which requires specific FMSA approval and generally takes seven days), issue and place up to an outstanding aggregate principal amount not exceeding KZT 40 billion in domestic unsecured and/or asset-backed bonds. In April 2005, the Bank registered KZT 5 billion in aggregate principal amount of senior unsecured bonds due 2008, which were fully placed by August 2005. In September 2005, the Bank registered a further aggregate principal amount of KZT 1 billion of bonds secured on the right of the Bank to receive payments of principal and interest under its residential mortgage portfolios, which were fully placed by January 2006. In April 2006, July 2006 and December 2006, the Bank registered unsecured bonds in aggregate principal amounts of KZT 7 billion, KZT 5 billion and KZT 5 billion, respectively. The Bank also registered KZT 10 billion in subordinated bonds in February 2007, but these bonds have not yet been placed.

International Bonds

In April 2006, the Bank and ALB Finance B.V., a wholly owned subsidiary of the Bank (which is incorporated in the Netherlands), established a U.S.$1.5 billion Debt Issuance Programme (the "Debt Issuance Programme"). Issuances under this programme have been made through ALB Finance B.V. Under the Debt Issuance Programme, ALB Finance B.V. issued and the Bank guaranteed in April 2006 U.S.$250 million 8.75 per cent. notes due 2011. In September 2006, ALB Finance B.V. issued, and the Bank guaranteed, a 9.25 per cent. Eurobond of U.S.$350 million under this programme. In February 2007, following an increase in the size of the Debt Issuance Programme to U.S.$3 billion, ALB Finance B.V. issued and the Bank guaranteed Eurobonds in the amount of €750 million, at 7.875 per cent., and £250 million, at 9.75 per cent.

Prior to the establishment of the Debt Issuance Programme, the Bank and ALB Finance B.V. also issued international bonds, including its issuance on 27 June 2005 of U.S.$150 million 9 per cent. notes due 2008 and ALB Finance B.V.'s issuance on 22 November 2005 of U.S.$200 million 9 per cent. notes due 2010, which were guaranteed by the Bank. In addition, in April 2006, ALB Finance B.V. issued U.S.$150 million Perpetual Non-cumulative Capital Securities.

The Bank also issued in June 2007 JPY 20 billion floating rate senior US private placement notes due 27 June 2017 and its finance subsidiary OOO Alliance Finance issued, and the Bank guaranteed, a RUR 3 billion bond due 2012 at 8.75 per cent.

In November 2006, the Bank, through a special purpose vehicle, Alliance DPR Company, completed a U.S.$200 million dual tranche debt issuance from a newly established future flow diversified payment right ("DPR") securitisation programme to further fund the Bank's loan portfolio and diversify its funding sources.

The issuance consisted of a U.S.$100 million Series 2006A tranche and a U.S.$100 million Series 2006B tranche. Both tranches have a maturity of seven years. Series 2006A was also guaranteed by the Asian Development Bank. The Bank was able to price the Series 2006A tranche at LIBOR plus 15 basis points. In addition, under the DPR programme, the Bank completed in June 2007 another diversified payment receivable securitisation in the amount of U.S.$75 million.

Issuance and Placement of Shares

As at 31 December 2004, the Bank's share capital consisted of 1,461,871 issued and fully paid common shares and 50,000 Preference Shares. During 2005, the Bank placed 991,799 common shares (including 12,955 shares which it had previously repurchased), bringing its share capital to 2,440,715 issued and fully paid common shares and 50,000 Preference Shares. During three separate placings on 29 September 2006, 2 November 2006 and 29 December 2006, the Bank issued a total of 3,560,093 common shares to its shareholders in proportion to their holdings, including 2,283,064 common shares issued to SAFC. The Bank also issued 350,000 Preference Shares during 2006. This brought the Bank's share capital to 6,000,808 issued and fully paid common shares and 400,000 Preference Shares as at 31 December 2006.

During the three months ended 31 March 2007, the Bank issued 1,423,414 common shares to its existing shareholders, which resulted in proceeds to the Bank of KZT 14,234 million. This brought its issued and fully paid share capital to 7,424,222 common shares and 400,000 Preference Shares as at 31 March 2007, as compared to 6,000,808 issued and fully paid common shares and 400,000 Preference Shares as at 31 December 2006.

In April and May of 2007, the Bank issued an additional 2,213,278 common shares to its existing shareholders, which resulted in proceeds of KZT 22,133 million. This brought its total issued and fully paid share capital to 9,637,500 common shares and 400,000 Preference Shares at the date of this Prospectus.

Treasury Operations

The main objective of the Bank's treasury operations is to achieve efficient management of liquidity, interest rate and market risk by operations in the foreign exchange and money markets; thus managing foreign currency exposure and funding costs. The Bank's treasury operations consist largely of spot transactions in Tenge and foreign currencies, transactions in government securities and currency swap and forward transactions for hedging purposes. The lack of a developed framework and trading and accounting mechanisms in the derivatives market in Kazakhstan combined with an underdeveloped banking sector means that futures, options and forward currency trading is rare. However, the Bank has started increasingly to use derivative instruments to hedge foreign currency and interest rate risks as it has continued to attract international funding. The Bank is one of the main banks in Kazakhstan involved in money market operations and government securities trading.

The Bank's Treasury Department calculates the Bank's cash position on a daily basis and provides Management with weekly and monthly reports on the Bank's liquidity and cash flow.

ASSET AND LIABILITY MANAGEMENT

The Bank's operations are subject to various risks, including risks relating to fluctuations in interest rates and foreign exchange rates, loss of liquidity and deterioration in the credit quality of its loan and securities portfolios. The Bank monitors and manages the maturities of its loans, its interest rate and exchange rate exposure and its credit quality in order to minimise the effect of the fluctuations relative to the Bank's profitability and liquidity position.

Risk Management

To manage its risks, the Bank has established the Asset and Liability Management Committee (the "ALCO"), the General Credit Committee, the Small Credit Committee and the Retail Credit Committee, which are collectively responsible for devising, implementing and monitoring the Bank's risk policies. Each of the Bank's branches also has its own credit committee. The Bank conducts its credit risk management at these various levels, depending upon the amount of risk involved. See "*Selected Statistical and Other Information — Lending Policies and Procedures*".

The Bank monitors and manages its asset and liability position through the ALCO, which is a permanent committee reporting to the Management Board. The ALCO is headed by the Director of the Treasury Department. The ALCO also includes three Deputy Chairmen, the Chief Accountant and the Head of Risks Control Division. The ALCO meets on a monthly basis to review the Bank's asset and liability position based on information provided by the Treasury Department on various matters, including maturities, interest rates and yields, the size of the Bank's loan portfolio, demand and time deposits and investments, the Bank's net foreign currency position, the Bank's operational ratios conforming to the regulations established by the NBK, exchange rates, inflation rates and other economic data, and general national and international political and economic trends. The ALCO can also be convened at the request of any department of the Bank.

Based on its review of this information, the ALCO evaluates the Bank's risk profile and determines strategies and policies for transactions relating to assets and liabilities for the coming month with the aim of increasing revenues for the Bank while maintaining adequate liquidity, complying with prudential norms and regulations and minimising the impact of financial market risks. These decisions are reviewed and approved by the Bank's Board of Directors, Management Board or shareholders, depending on the type of decision.

Liquidity and Interest Rate Risk Management

The Bank's maturity profile is monitored by means of a liquidity table, which is produced daily on the basis of a cash flow statement and reflects the Bank's current payment position, as well as gap analysis procedures.

The following table summarises the Bank's consolidated assets and liabilities by maturity as at 31 March 2007:

	As at 31 March 2007						
	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
				(KZT millions)			
Assets							
Cash and balances with NBK	46,026	—	—	—	—	—	46,026
Financial assets at fair value through profit or loss	165,665	434	940	8,246	11,469	—	186,754
Due from banks	76,816	2,459	600	1,268	—	—	81,143
Loans to customers	18,190	16,719	56,684	412,923	186,558	—	691,074
Investments available-for-sale	2,793	201	253	1,271	420	—	4,938
Investments held-to-maturity	43	—	—	—	—	—	43
Total interest-earning assets	**309,533**	**19,813**	**58,477**	**423,708**	**198,447**	**—**	**1,009,978**
Cash and balances with the NBK.	72,151	—	—	—	—	—	72,151
Investments available-for-sale	—	—	—	—	—	76	76
Property, equipment and intangible assets	—	—	—	—	—	14,066	14,066
Other assets	8,476	7,063	—	—	—	—	15,539
Total Assets	**390,160**	**26,876**	**58,477**	**423,708**	**198,447**	**14,142**	**1,111,810**
Liabilities							
Deposit from the NBK	—	2,000	2,000	—	—	—	4,000
Due to banks	17,000	53,532	148,827	132,464	14,898	—	366,721
Due to other financial institutions	1,858	3,553	9,489	10,756	—	—	25,656
Customer accounts	30,259	6,969	76,244	81,359	2,921	—	197,752
Debt securities issued	1,058	—	—	278,857	42,640	—	322,555
Subordinated debt	1,158	—	—	5,298	21,804	3,636	31,896
Total interest-bearing liabilities	**57,333**	**66,054**	**236,560**	**508,734**	**82,263**	**3,636**	**948,580**
Customer accounts	52,659	—	—	—	—	—	52,659
Income tax liabilities	2,977	—	—	—	—	—	2,977
Other liabilities	4,039	346	—	—	—	634	5,019
Total Liabilities	**111,008**	**66,400**	**236,560**	**508,734**	**82,263**	**4,270**	**1,009,235**
Liquidity gap	279,152	(39,524)	(178,083)	(85,026)	116,184	—	
Interest sensitivity gap	258,200	(46,241)	(178,083)	(85,026)	116,184	—	
Cumulative interest sensitivity gap	**258,200**	**211,959**	**33,876**	**(51,150)**	**65,034**	**—**	
Cumulative interest sensitivity gap as a percentage of total assets	23.2%	19.1%	3.0%	(4.6)%	5.8%	—	

The above table and gap analysis does not reflect the historical stability of the Bank's current accounts, whose liquidation has historically taken place over longer periods than that indicated in the tables above. The table is based upon entitlement to withdraw on demand. Although there can be no assurance of the Bank's ability to continue to extend customer accounts beyond their stated terms, the majority of its customer accounts have historically remained with the Bank over periods beyond their initial contractual terms.

In addition, the Bank's ability to discharge its liabilities depends upon its ability to monetise an equivalent amount of assets within the same period of time. As is typical for Kazakhstan banks, although the Bank has a negative short-to-medium term maturity gap as at the date of this Prospectus, Management believes that the Bank's access to domestic and international funding will continue to allow it to meet its liquidity needs.

On the other hand, long-term credits and overdrafts are generally not available in Kazakhstan except under programmes established by international financial institutions or the DBK. In the domestic market, however, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may also be different from the analysis presented above. Current account balances are included in amounts due in less than one month in the table above, while trading and investment securities available-for-sale are shown at demand. Realising such assets upon demand, however, is dependent upon financial market conditions and, in some instances, it may not be possible for significant security positions to be liquidated in a short period of time without adverse price effects.

The principal objective of the Bank's interest rate risk management activities is to enhance profitability by limiting the effect of adverse interest rate movements and increasing net interest income by managing interest rate exposure. Interest rate sensitivity is the relationship between market interest rates and net interest income resulting from the periodic re-pricing of assets and liabilities. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on interest income. The Bank monitors its interest rate sensitivity by analysing the composition of its assets and liabilities and off-balance sheet financial instruments. The Bank believes that its sensitivity to interest rates is greatly reduced by its ability to adjust the interest rate under the majority of its loan agreements.

Liquidity is centrally managed on a daily basis by the Treasury Department according to real-time requirements and forecasts for all the Bank's divisions and branches. All types of treasury operations are implemented within the limits established by the ALCO. In addition, the Board of Directors reviews the Bank's liquidity guidelines and strategy on a monthly basis, making any necessary adjustments. Liquidity risk management is based on the strict observance of the capital adequacy ratio limits of the NBK, the continuous monitoring of the structure of assets and liabilities, fund raising and placement on the interbank markets and strict compliance with reserve requirements imposed by the NBK and the Bank's internal policies. The Bank's liquidity management policy seeks to ensure that, even under adverse conditions, the Bank maintains sufficient funds available to meet its operational needs and to ensure compliance with NBK regulations. Liquidity risk arises in the general funding of the Bank's lending and investment activities. It includes the risk of increases in funding costs and the risk of being unable to liquidate positions in a timely manner at reasonable prices.

The following table gives certain information as to the Bank's liquidity as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
		(per cent.)		
Loans (net) /assets	62.2	68.9	55.3	48.7
Loans (net) /total customer accounts	276.0	232.6	132.2	86.3
Loans (net)/equity	673.7	792.8	656.7	365.4
Liquid assets/total assets[(1)]	34.3	27.7	39.5	44.3
Liquid assets[(1)]/total customer accounts	152.4	93.4	94.3	78.5

Note:

(1) Liquid assets include cash and balances with the NBK, due from banks (with maturities of less than one month), and financial assets at fair value through profit or loss.

Foreign Currency Management

The Tenge has been subject to fluctuations against the U.S. Dollar. In 2004 the Tenge appreciated against the U.S. Dollar by 9.3 per cent., in 2005 it depreciated by 2.9 per cent. and in 2006 it appreciated by 5.1 per cent. The ALCO monitors the net open foreign currency position in relation to the prevailing market conditions and outlook, advises on the Bank's position and implements the Bank's strategy accordingly. The Bank's long position is currently within the limits set by the NBK.

Regulation and monitoring of the net foreign currency positions of banks is carried out by the NBK. According to current FMSA regulations, the ratio of a bank's net open foreign currency position to its own capital must not exceed 25 per cent. and the open foreign currency position for any currency of country rated "A" by S&P (or the equivalent from other rating agencies) or higher, or the euro must not exceed 12.5 per cent. of its own capital. The open long and short position for any currency of any country rated below "A" by S&P (or the equivalent from other rating agencies) is limited to 5 per cent. of its own capital. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Capital Adequacy*".

The following table shows the net foreign currency position of the Bank as at 31 March 2007 and as at 31 December 2006, 2005 and 2004:

	As at 31 March 2007	As at 31 December		
		2006	2005	2004
Net open long (short) position (*KZT millions*)	(84,985)	(54,687)	1,894	1,145
Net position as a percentage of own capital	(83)%	(68)%	7%	7%
Net position as a percentage of foreign currency liabilities	(13)%	(11)%	1%	5%

Securities risks

Securities risks are divided into country risk, issuer risk and portfolio risk. The Bank's Treasury Department sets limits for lending to entities in particular countries by using a rating scale and the classifications approved by international rating agencies. The Treasury Department manages issuer risk by establishing limits on exposure to particular issuers based on the relevant counterparty's financial performance and ratings from international rating agencies.

Counterparty risk

The Bank's Department of Strategic Planning and Analyses controls and monitors counterparty risk in the interbank market as well as sovereign risk. In order to monitor these risks, the Department conducts analyses of the economic development of countries, including balance of payments, and the financial statements of counterparties. The Department uses these analyses to set limits on sovereigns and counterparties. The determination of these limits is based on a scale of valuations and classifications approved by international rating agencies and on the basis of internal documents authorised by the Board of Directors.

MANAGEMENT AND CORPORATE GOVERNANCE

The Bank's charter provides that the Bank shall have a Board of Directors and a Management Board. The General Shareholders' Meeting is the highest corporate governing body of the Bank. The Law of Kazakhstan on Joint Stock Companies (the "JSC Law") (including the recent amendment to this law (made on 8 July 2005)) vests in a Board of Directors the final approval of the majority of corporate decisions, although final approval of certain major corporate decisions is vested in the General Shareholders' Meeting. In accordance with Kazakhstan legislation, the members of the Board of Directors and the Chairman and Deputy Chairmen of the Management Board are appointed only with the consent of the FMSA.

Board of Directors

The Board of Directors is not directly involved in day-to-day management and has no authority to make management decisions on its own or to perform any executive functions. The shareholders elect the members of the Board of Directors. See "*Description of Share Capital and Certain Requirements of Kazakhstan Legislation — Directors*" and "*— General Meetings*". The Board of Directors in turn elects members of the Management Board. The Board of Directors supervises the Management Board's activities to protect shareholders' interests. The authorities of the Board of Directors include deciding the strategy of the Bank, defining the investment, credit and other policies of the Bank, nominating the Chairman and members of the Management Board, approving the amount and source of any dividends (except for annual dividends), approving material contracts, approving any loans to customers equal to 25 per cent. of the Bank's capital, calling General Shareholders' Meetings and approving the Bank's budget. The Audit Committee and the Risk Committee report directly to the Board of Directors.

The Board of Directors consists of five members. As at the date of this Prospectus, the members of the Board of Directors are:

Name	Position	Director Since
Margulan Seissembayev	Chairman of the Board of Directors	30 October 2006
Anuar Beissebayev	Member of the Board of Directors	27 November 2006
Bertrand Gossart	Member of the Board of Directors	28 December 2006
Stuart Leighton	Member of the Board of Directors (Independent Director)	30 October 2006
Robert May	Member of the Board of Directors (Independent Director)	12 July 2007

All members of the Board of Directors are elected for a period of one year.

The business address of all members of the Board of Directors is 32 Kunayev Street, 050000, Almaty, Kazakhstan.

Margulan Seissembayev — Chairman of the Board of Directors. (40) In 1991, Mr. Seissembayev founded Seimar Commertsia LLP. Between 1992 and 2000 he was the president of Seimar Concern. From 2000 to October 2004, Mr. Seissembayev held the position of Chairman of the Board of Directors of Seimar OJSC. Mr. Seissembayev has been in his current position, Chairman of the Board of Directors of SAFC (formerly Seimar Investment Group), since December 2006. Mr. Seissembayev studied at the Kazakh State University, where he earned a degree in law.

Anuar Beissebayev — Member of the Board of Directors. (33) In 2001, Mr. Beissebayev became the First Deputy Chairman of Seimar OJSC. From 2004 to 2007, he served as General Director of Seimar Investment Group (now SAFC). He has also served as a director of SAFC's Board since December 2006. Prior to joining SAFC, Mr. Beissebayev was the Head of the Economic Analysis and Planning division of IrtyshBusinessBank OJSC, the predecessor entity of the Bank. Mr. Beissebayev graduated from Semipalatinsk State University in 1996 with a degree in economics and management.

Bertrand Gossart — Member of the Board of Directors. (39) Mr. Gossart joined SAFC and became a member of the Bank's Board of Directors in December 2006. Prior to joining SAFC, he held various positions within Renault International from 1991 to 1998 in France, Poland and the Czech Republic. From 1992 to 2002, Mr. Gossart was employed by Cetelem (BNP Paribas) in France and Thailand. From 2003 to 2005 he was the CEO of Rusfinance (Société Générale) in the Russian Federation and from 2006 until he joined SAFC, he was the CEO of Prostokredit (Société Générale) in Kazakhstan.

Stuart Leighton — Member of the Board of Directors (Independent Director). (39) Prior to becoming a member of the Board of Directors of the Bank, Mr. Leighton was a Partner in Deloitte CIS from 1995 to 2005. Mr. Leighton received his distinction degree in accountancy in 1989 and is currently completing an MBA at Abertay University, Scotland.

Robert May — Member of the Board of Directors (Independent Director). Mr. May was appointed a director of the Bank at the General Meeting of Shareholders on 12 July 2007. Between 2000 and 2005, Mr. May held various positions in Phillip Morris, including Director of Corporate Affairs of Phillip Morris Japan K.K., Director International Communications of Phillip Morris International and Director Corporate Affairs Phillip Morris Kazakhstan. Prior to joining Phillip Morris, Mr. May was a Commercial Officer of the U.S. Consulate General in St. Petersburg from 1993 to 1997 and, from 1989 to 1993, an Associate at Frendzel & Share, Law Corporation. Mr. May received a Bachelors Degree in Political Science and a Masters Degree in International Relations from the University of California at Santa Barbara. He received his law degree from the University of San Francisco School of Law.

Corporate Governance

The UK Combined Code on Corporate Governance (the "Combined Code") sets out certain corporate governance best practice recommendations for public limited companies incorporated in England and Wales. However, as an overseas company, when the GDRs are admitted to the Official List, the Bank will not be required to comply with the provisions of the Combined Code. In addition, it will not be required to disclose in its annual report whether or not it complies with the corporate governance regime in Kazakhstan or the significant ways in which its actual governance practices differ from those set out in the Combined Code.

Corporate governance best practice in Kazakhstan is set out in the Kazakhstan Corporate Management Code, which was approved by the Issuers' Council and the Council of the Kazakhstan Financiers Association in 2005. The Kazakhstan Corporate Management Code is based on existing international best practice in the area of corporate governance and sets out recommendations for applying the principles of corporate governance by Kazakhstan joint-stock companies. In addition, the JSC Law requires that at least one-third of the members of a company's board of directors should be independent. The Bank currently has in place its own corporate management code, which incorporates all provisions of the Kazakhstan Corporate Management Code and which otherwise complies with the JSC Law in all material respects.

The Bank recently appointed Robert May as a second independent director. Following this appointment, the Bank plans to require that all related party transactions involving the Bank (including transactions with SAFC, Alliance Policy and affiliated credit brokers) be approved by the independent directors sitting on its Board of Directors.

Committees of the Board of Directors

Audit Committee

The Audit Committee was established on 30 October 2006 and held its first meeting on 2 April 2007. The Bank expects the Audit Committee to meet on a quarterly basis.

The Audit Committee consists of three members. At the date of this Prospectus, the members of the Audit Committee are:

Name	Position
Stuart Leighton	Member of the Board of Directors (Independent)
Anuar Beissebayev	Member of the Board of Directors
Bertrand Gossart	Member of the Board of Directors

The Audit Committee reports directly to the Board of Directors, and the committee head, Stuart Leighton, is independent. The Committee's major functions include the review and approval of annual and quarterly financial statements and major accounting policies; supervision of internal controls and risk management, including information technology systems; communication with and evaluation of external auditors; review and supervision of the internal audit department, including the appointment and dismissal of the head of the Bank's internal audit function; and control over compliance with regulatory requirements.

Risk Committee

As at the date of this Prospectus, the members of the Risk Committee are as follows:

Name	Position
Dauren Kereibayev	Chairman of the Management Board
Dinara Umarova	Director, Strategic Planning and Analysis
Elena Rykunova	Director, Risk Control Department
Anvar Bayatanov	Head of Internal Audit Function
Irina Ivanova	Director, Treasury Department

Dauren Kereibayev, the Chairman of the Management Board, is the head of the Risk Committee. The Risk Committee is responsible for creating a unified risk management policy for the Bank and defining methodological approaches for the assessment of each type of risk, including credit risk, liquidity risk and interest rate and foreign exchange risk.

Management Board

The Management Board is responsible for the day-to-day management and administration of the Bank's activities. The Management Board has all executive powers, in contrast to the Board of Directors' supervisory role. The Management Board's responsibilities include making executive business decisions, implementing the Bank's business strategy, appointing senior management and branch representatives of the Bank and dealing with all other matters not reserved to the Board of Directors or the General Meeting of Shareholders.

Since early 2007, the Bank's Management Board has been fully restructured: Mr. Kereibayev has replaced Mr. Zhomart Yertaev, who left Alliance in January 2007. Ms. Abylkasymova and Ms. Stepanova joined the Management Board in May 2007.

The Management Board currently consists of three members. As at the date of this Prospectus, the members of the Management Board are:

Name	Position
Dauren Kereibayev	Chairman of the Management Board
Irina Stepanova	Acting Deputy Chairman of the Management Board
Raushan Abylkasymova	Acting Deputy Chairman of the Management Board

Dauren Kereibayev — Chairman of the Management Board. (35) Mr. Kereibayev has more than 13 years of experience in the banking sector. At the time of the reorganisation of IrtyshBusinessBank into the Bank in its current form in 2002-2006, he held the position of Managing Director in charge of the Finance Planning Department. Mr. Kereibayev has a degree in applied mathematics from the Novosibirsk State University (Russia) and a degree in finance from the Kazakh State Academy of Management.

Irina Stepanova — Acting Deputy Chairman. (38) From 1994 to 2004, Mrs. Stepanova held various senior positions at Texaka Bank CJSC. In 2004, she joined the Bank to lead the Retail Lending Department as a Managing Director. Mrs. Stepanova has an economics degree from the Kazakh State Academy of Management and a degree from the Kazakh State University of International Relations and World Languages. In May 2007, Ms. Stepanova was appointed as an Acting Deputy Chairman of the Management Board.

Raushan Abylkasymova — Acting Deputy Chairman. (43) In May 2007, Ms. Abylkasymova was appointed as an Acting Deputy Chairman of the Management Board. Ms. Abylkasymova joined Semipalatinsk City Bank in 1997 and after it merged with IrtyshBusinessBank OJSC in 1999, she held the position of Director of the Semipalatinsk branch. After the reorganisation of IrtyshBusinessBank OJSC into its current form, Ms. Abylkasymova held the position of director of the Ust-Kamenogorsk branch and, from 2005 to 2007, director of the Almaty City branch. Ms. Abylkasymova holds a degree in finance from Leningrad Institute of Finance and Economics.

Committees of the Management Board

Asset and Liability Management Committee ("ALCO")

As at the date of this Prospectus, the members of the Asset and Liability Management Committee are as follows:

Name	Position
Irina Ivanova	Director, Treasury Department
Dauren Kereibayev	Chairman of the Management Board
Abylkasym Mamyrbekov	Managing Director and CFO
Elena Rykunova	Director, Risk Control Department
Dinara Umarova	Director, Strategic Planning and Analysis
Almira Ahmetkarimova	Managing Director, International Relations

The ALCO is headed by Irina Ivanova, the Director of the Treasury Department. The ALCO meets on a monthly basis to review the Bank's asset and liability position based on information provided by the Treasury Department on various matters. The ALCO can also be convened at the request of any department of the Bank. For more detail on the duties of the ALCO, see "*Asset and Liability Management — Risk Management*".

General Credit Committee

As at the date of this Prospectus, the members of the General Credit Committee are as follows:

Name	Position
Raushan Abylkasymova	Acting Deputy Chairman of the Management Board
Aldaniyar Sundetov	Managing Director, Legal Issues
Elena Rykunova	Director, Risk Control Department

The General Credit Committee is headed by Raushan Abylkasymova, who also serves as an Acting Deputy Chairman of the Management Board. The General Credit Committee is responsible for implementing the Bank's credit policy of minimum credit risk and maximum profitability. It also decides the Bank's short- and long-term credit policies. The General Credit Committee meets on a weekly basis. For further detail on the Bank's General Credit Committee and its portfolio supervision policies, see *"Selected Statistical and Other Information — Lending Policies and Procedures"*.

Tariff Committee

As at the date of this Prospectus, the members of the Tariff Committee are:

Name	Position
Aida Sultanova	Vice President
Irina Stepanova	Acting Deputy Chairman of the Management Board
Timur Kunanbayev	Managing Director, Corporate Finance
Yelena Markova	Director, Banking Technologies Department
Aliya Mustafina	Deputy Director, Strategic Planning and Analysis

The head of the Tariff Committee is Aida Sultanova, who also serves as Vice President. The Tariff Committee is responsible for forming the Bank's pricing policy to ensure it offers competitive rates and tariffs. The Tariff Committee observes pricing and tariff policies of the Bank's competitors and decides base interest rates and tariffs of the Bank. It also approves tariffs of the Bank's branches on the basis of analysis of local markets. The Tariff Committee meets at least once a month and meets whenever a review of the Bank's tariffs is deemed to be necessary.

Retail Credit Committee

As at the date of this Prospectus, the members of the Retail Credit Committee are:

Name	Position
Irina Stepanova	Acting Deputy Chairman of the Management Board
Gulnur Tuleukhanova	Deputy Director
Olga Kan	Director, Support of Projects Financing Department
Madina Mukasheva	Head of Credit Risk of Retail Business Desk

Irina Stepanova, the Acting Deputy Chairman of the Management Board, is the head of the Retail Credit Committee. The Retail Credit Committee reports to the General Credit Committee of the Bank and is responsible for developing the Bank's short- and medium-term retail lending strategy, as well as establishing credit limits for the individual branches.

Small Credit Committee

As at the date of this Prospectus, the members of the Small Credit Committee are:

Name	Position
Timur Kunanbayev	Managing Director, Corporate Banking
Pavel Rakhmanov	Director, Corporate Finance Department
Regina Ogatayeva	Director, SME Department
Andrei Khan	Chief of Corporate and SME Credit Risk
Dana Zakirova	Director, Legal Support Department

Timur Kunanbayev, Managing Director, Corporate Banking, is the head of the Small Credit Committee. The Small Credit Committee reports to the General Credit Committee of the Bank. It is responsible for approving the terms of credit facilities and/or guarantees extended by the Bank (including its branches) to SMEs and corporate customers for amounts of up to U.S.$3 million.

Management Team

The Management Team comprises the individuals responsible for the day-to-day management of their respective departments or divisions and who report regularly to the Board of Directors in relation to the status of their respective departments. Any member of the Management Team can be called to sit at a meeting of the Board of Directors as appropriate.

As of the date of this Prospectus, the Management Team consists of nine members, including the following persons:

Name	Position
Aldaniyar Sundetov	Managing Director, Legal Issues
Almira Akhmetkarimova	Managing Director, International Relations
Azhar Ryskulova	Managing Director, Operating Issues
Aida Sultanova	Vice President
Timur Kunanbayev	Managing Director, Corporate Finance
Abylkasym Mamyrbekov	Managing Director, CFO
Kairat Zhanybekov	President
Alexey Mihailov	Managing Director, Information Technology
Alexey Vorontsov	Managing Director, Project Office

The business address for all members of the Bank's Management Board and Management Team is 32 Kunayev Street, Almaty 050000, Republic of Kazakhstan.

The name, age and certain other information about each of the current members of the Management Board and Management Team are set out below.

Aldaniyar Sundetov — Managing Director, Legal Issues. (30) Mr. Sundetov recently joined the Bank as Managing Director, Legal Issues. Prior to joining the Bank, he held various positions at Bank TuranAlem, including Head of the Legal Risks Analysis Desk, Secretary of the Board of Directors and executive director of Turan Alem Securities JSC. From 2006 to 2007, he also served as Deputy Chairman of the Board. Prior to joining Bank TuranAlem, Mr. Sundetov was a lawyer at the Kazakh Legal Group LLP. Mr. Sundetov holds a law degree from the Kazakh State Law University.

Almira Akhmetkarimova — Managing Director, International Relations Department. (27) Ms. Akhmetkarimova has more than seven years of experience in the finance and banking sector. She joined the Bank from the Kazakhstan International Bank in 2002, where she specialised in project finance. She was appointed as a Director of the International Relations Department of the Bank early in 2004. Ms. Akhmetkarimova has a degree in finance from the East Kazakhstan State University.

Azhar Ryskulova — Managing Director, Operating Issues. (34) Ms. Ryskulova joined the Bank in 2003 as Deputy Director of the Almaty branch and was appointed Managing Director, Operating Issues in 2007. Prior to joining the bank, she held various positions in Credsotz Bank, Alfa Bank and Caspian Bank. Ms. Ryskulova holds a degree from the Kazakh State Academy of Management and a degree in Law from the High School of Law "Adilet".

Aida Sultanova — Vice President. (42) Mrs. Sultanova has held various positions at the National Bank of Kazakhstan and, in 2004, she was appointed as Managing Director, Marketing and Product Development of the Bank, a position she continues to hold. Mrs. Sultanova has a degree from the Kazakh State Architecture and Construction Academy, Almaty. She also obtained a degree in economics from the Institute of Markets attached to the Kazakh State Academy of Management and has a PhD degree in economics.

Timur Kunanbayev — Managing Director, Corporate Finance. (30) Before Mr. Kunanbayev joined the Bank in 2003, he worked for Central Asian American Enterprise Fund as a Regional Investment Manager. Mr. Kunanbayev has been in his current position since 2004. Mr. Kunanbayev graduated from the Kazakh State Academy of Management in 1998. He obtained a Masters degree in economics from Sydney University and a CFA qualification in 2004.

Abylkasym Mamyrbekov — Managing Director, CFO. (41) From 1995 to 2002, Mr. Mamyrbekov worked for Bank CenterCredit and left his position of Deputy Managing Director of the Analysis and Risk Control Department to join the Bank in 2002 as a Chief Accountant. Mr. Mamyrbekov has a degree in engineering and system analysis from Kazakh Polytechnic Institute and a degree in Economics and Finance from Eurasia Market Institute.

Kairat Zhanybekov — Deputy Chairman of the Board. (37) Mr. Zhanybekov joined the Bank in 2002 as a Regional Director. Prior to that he held various positions in a number of major companies. Mr. Zhanybekov has a degree in economics from the Kazakh State National University and a degree in Law from the High School of Law "Adilet".

Alexey Mihailov — Managing Director, Information Technology. (32) Mr. Mihailov joined the Bank in 2006. Prior to that he held positions in a large Moscow-based company. He graduated from university in Novgorod, Russia and worked for a number of companies there.

Alexey Vorontsov — Managing Director, Projects Office. (38) Mr. Vorontsov joined the Bank in 2004 as Managing Director of Information Projects. Prior to joining the Bank, he held various positions in different banks and companies including the Kazakh branch of Alfa Bank, IrtyshBusinessBank, Hilan Tech Solutions, Israel, Apoalim Bank, Israel and First International Bank of Israel. Mr. Vorontsov graduated from the Institute of Automotive Systems of Management and Radio Electronics, Tomsk.

Management Remuneration

In accordance with the Bank's charter, the remuneration and compensation of the members of the Bank's senior management team are determined by the shareholders of the Bank. The Bank paid KZT 149 million in aggregate during the year ended 31 December 2006 to members of the Management Board and its Managing Directors. None of the employment contracts of members of the Management Team provide for benefits upon termination of employment.

The following table sets out the principal amount of loans outstanding issued directly to members of the Board of Directors and the Management Board as well as certain members of SAFC's management as at 31 March 2007:

	As at 31 March 2007
	(KZT thousands)
Anuar Beissebayev — Member of the Board of Directors	219
Kairat Zhanybekov — President	35,905
Dauren Kereibayev — Chairman of the Management Board	20,762
Zhomart Yertaev — Member of the Board of Directors (Departed)	81,023
Abylkasym Mamyrbekov — Managing Director, CFO	41,849
Elina Reshetova — Deputy Chairman of the Management Board (Departed)	15,538
Margulan Seissembayev — Chairman of the Board of Directors	585

As at 31 March 2007, loans to key management personnel of the Bank and its parent were KZT 724 million. See Note 24 to the Unaudited Interim Financial Statements. The decision to grant loans to members of the Bank's or SAFC's management teams is made by the General Credit Committee of the Bank based on the procedures described under *"Selected Statistical and Other Information — Lending Policies and Procedures"*. However, these loans are considered transactions with persons associated with the Bank by "special relations" and accordingly must be approved by the Bank's Board of Directors. These loans are then notified to the General Credit Committee and the Risk Department.

Conflicts of Interest

There are no potential conflicts of interest between duties owed to the Bank by any of the members of the Management Team and their private interests and/or other duties.

Margulan Seissembayev serves as Chairman of the Board of the Bank's principal shareholder, SAFC, and, together with his brothers, Erlan Seissembayev and Askar Galin, owns a controlling stake in SAFC. In addition, two other members of the Bank's Board of Directors, Anuar Beissebayev and Bertrand Gossart, are employed by SAFC and represent its interests on the Bank's Board. As SAFC is directly and indirectly active in a range of financial services, including through Alliance Policy and certain of the Bank's credit brokers, its interests, and accordingly the interests of Messrs. Seissembayev, Beissebayev and Gossart, may potentially conflict with those of the Bank. See *"Risk Factors — Risk Factors Relating to the Bank — SAFC has significant influence over the Bank's activities and its interests may conflict with the interests of holders of Shares or GDRs"* on pages 13 and 14. Other than the potential conflicts of interest of Messrs. Seissembayev, Beissebayev and Gossart described above, there are no potential conflicts of interest between any duties owed to the Bank by any of its directors and their private interests and/or duties.

Litigation Statement

As at the date of this Prospectus, for at least the last five years, none of the directors or members of the Management Board:

- has had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior executive officer of a member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; nor

- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

RELATED PARTY TRANSACTIONS

The following describes transactions entered into by the Bank with its affiliates, including Alliance Policy, Alliance Retail and Alliance Finance, all of which are related parties of the Bank's principal shareholder, SAFC. For a description of the definition of related parties under IAS 24 "Related Party Disclosure" and for quantitative disclosure on transactions with related parties, see Note 32 to the Financial Statements of the Bank included elsewhere in this Prospectus.

The Bank currently has in place procedures to ensure that certain transactions with related parties, including loans to directors and members of the Management team of the Bank and SAFC, are approved by the Board of Directors. The Bank recently appointed a second independent director to its Board of Directors and, following this appointment, the Bank plans to require that all transactions with related parties involving the Bank (including transactions with SAFC, Alliance Policy and affiliated credit brokers) be approved by the independent directors sitting on the Bank's Board of Directors. Moreover, SAFC is committed to ensuring that the Bank is managed independently from other companies and ventures in which SAFC has an interest, in order that transactions between related parties will be at arm's length and that the Bank will only engage in transactions which are in its own interests.

Transactions with Affiliated Credit Brokers

Since February 2006, the Bank has originated loans through a series of credit brokers. Several of these credit brokers are owned by the Bank's principal shareholder, SAFC. These affiliated brokers include Alliance Finance LLC, Alliance Retail Group LLC, Dom Kreditov LLC and their sub-brokers, including Alliance Network Sales LLC, Alliance Trade AG LLC and Alliance Nesie LLC. Affiliated brokers together accounted for KZT 86,596 million, or 44 per cent., of "Express" Loans originated by the Bank during 2006. The brokers also originate a relatively small amount of Loans for "Instant Consumer Needs", car loans and other consumer loans, as well as certain SME loans. The Bank's two key brokers, Alliance Finance and Alliance Retail, accounted for 80 per cent. of the Bank's lending through brokers during 2006. The Bank enters into service agreements with each credit broker which are extendible at the option of the Bank each year. Pursuant to these agreements, the Bank pays its credit brokers commissions ranging between 2.5 and 4.0 per cent. of the principal amount of the loan. Alliance Finance, Alliance Retail and other affiliated brokers of the Bank generally receive a 4.0 per cent. commission. The Bank's strategy of originating loans through credit brokers has been a key factor in the rapid expansion of its loan portfolio during 2006. In particular, the Bank has depended on credit brokers for the origination of "Express" Loans. The major credit brokers the Bank cooperates with are affiliated brokers, and the Bank expects that these brokers will continue to play an important role in the expansion of its loan portfolio.

In addition to loan origination, in October 2006, the Bank began accepting deposits through its credit brokers. In 2006, affiliated credit brokers of the Bank attracted approximately KZT 300 million in deposits. The majority of deposits accepted by the Bank's affiliated credit brokers are retail demand deposits. The Bank generally pays a fee to its affiliated brokers of 2 per cent. of the aggregate amount of the deposits accepted from clients of a particular broker if the total originated amount does not exceed KZT 2.5 billion and 2.5 per cent. if it exceeds KZT 2.5 billion. The Bank expects to continue to rely on its affiliated credit brokers for growth in its deposit base.

Although the Bank believes that all transactions with affiliated credit brokers are conducted on an arm's length basis, to the extent that SAFC's interests in respect of its credit brokerage business diverge from those of the Bank, the Bank could be materially adversely affected. See *"Risk Factors — Risk Factors Relating to the Bank — The Bank relies on third parties (including SAFC) for loan origination and debt collection and any interruption in its ability to rely on the services of these third parties or deterioration in their performance could impair the quality of the Bank's services and/or constrain its growth."*

Transactions with Alliance Policy

Alliance Policy, a related party of SAFC, distributes non-life insurance products through a network of own branches and credit brokers. For the year ended 31 December 2006, Alliance Policy had gross written premiums of KZT 9,015 million and net income of KZT 432 million, compared to KZT 848 million and KZT 81 million, respectively, for the year ended 31 December 2005.

In June 2006, the Bank began insuring its "Express" Loan portfolio with Alliance Policy and in October 2006, it insured all "Express" Loans granted prior to June 2006, such that substantially all of its "Express" Loan portfolio is now insured with Alliance Policy. For the year ended 31 December 2006, the Bank had insurance premium expense of KZT 2,569 million relating to premiums paid to a related party (Alliance Policy) for the insurance of this portfolio, which represented 76 per cent. of its total fee and commission expense. Insurance premiums paid by the Bank accounted for approximately 71 per cent. of Alliance Policy's gross written premiums for the year ended 31 December 2006. Alliance Policy reinsures a portion of the risk of the Bank's "Express" Loan portfolio with a member of the Lloyds syndicate via Willis Reinsurance, but the reinsurance covers only loans which remain unpaid as a result of the death or disability of the borrower. Accordingly, Alliance Policy retains a substantial portion of this risk. See *"Risk Factors — Risk Factors Relating to the Bank — The Bank's current business model depends upon the insurance of its "Express" Loan portfolio with an affiliated entity and if it is unable to continue insuring this portfolio or if insurance premiums were to rise, its business, results of operations and financial condition could be materially adversely affected"*. The Bank's arrangement with Alliance Policy has allowed it to expand its retail loan portfolio rapidly without a corresponding increase in provisions for loan losses. Prior to April 2007, the Bank recorded provisions for "Express" Loans only for those loans which were overdue. From June to October 2006, it recorded provisions for loans which were one day overdue and from October 2006 to April 2007, it did so for loans which were more than 30 days overdue. Since April 2007, the Bank has offset the insurance premiums it pays against its estimated maximum risk exposure for "Express" Loans to determine provisions.

The Bank believes that all of its transactions with Alliance Policy are conducted on an arm's length basis. The Bank currently pays insurance premiums of 5 per cent. of the principal amount of each loan insured. However, in May 2007, the Bank signed an amendment to its insurance contract with Alliance Policy which provides that insurance premiums in respect of new loans will be reconsidered twice per year, taking into account factors such as the quality of the loan portfolio and the expected level of non-performing loans. Accordingly, if the quality of the Bank's portfolio were to decline or the level of non-performing loans were to increase, Alliance Policy may renegotiate higher insurance premiums, which could have a material adverse impact on the Bank. See *"Risk Factors — Risk Factors relating to the Bank — The Bank's current business model depends upon the insurance of its "Express" Loan portfolio with an affiliated entity and if it is unable to continue insuring this portfolio or if insurance premiums were to rise, its business, results of operations and financial condition could be materially adversely affected"*.

The Bank does not currently have any loans extended to Alliance Policy, and it has no current intention to make any such loans in the future. In any event, under Kazakh regulations, a related party of a bank may only borrow an amount equal to less than 10 per cent. of the bank's own capital.

As noted above, the Bank's existing credit risk insurance arrangements with Alliance Policy are reviewed every six months. To date, the Bank has been satisfied that these arrangements, which it believes are on an arm's length basis, are an effective risk management tool and have been priced at reasonable market rates. If, at some point in the future, the Bank considers it more appropriate to manage credit risk in a different way, it may consider discontinuing its arrangements with Alliance Policy.

The Bank may from time to time review its existing business arrangements with Alliance Policy or other related parties such as credit brokers or collection agencies (as described in this section). Such a review might extend to consideration by the Bank of purchasing one or more of these SAFC units if bringing the services into the Bank were in the interests of the Bank's shareholders. SAFC might consider selling certain of its subsidiaries under certain circumstances. Any such sale would be on market terms. If willing, the Bank may participate in such a sale and would submit such a transaction for approval by its independent directors. SAFC would engage an independent international investment bank to facilitate any such sale.

Transactions with Other SAFC Companies

The Bank also cooperates with subsidiaries of SAFC in the area of debt collection and cards and payments. The Bank transfers a portion of its loans which are more than 90 days overdue to two of SAFC's wholly owned subsidiaries for collection. Recently the Bank has been experiencing an increase in the volume of loans overdue by more than 90 days, which it believes has resulted largely from collection agents' difficulty in processing a large number of overdue loans. Accordingly, following discussions with SAFC, SAFC plans to establish two new collection companies in addition to those mentioned above. In addition, the Bank plans to begin transferring all loans which are 60 days, rather than 90 days, overdue to collection agents. The Bank also plans to implement a unified IT platform across the collection agencies and to transfer best practices to the agencies. The Bank generally pays commissions of approximately 20 per cent. for loans recovered by collection companies. During the year ended 31 December 2006, the Bank paid KZT 32 million in fees to collection companies.

The Bank also processes “Express” Loan and payment card payments through Capsys, which is a company affiliated with SAFC. In addition, Capsys will assist the Bank in reaching its goal of operating 2,000 ATMs by 2007. Capsys also provides certain ATM instalment and maintenance services to the Bank. Finally, the Bank works with certain SAFC subsidiaries in the areas of cash logistics, appraisal and legal in order to improve its operational efficiency. At the date of this Prospectus, the Bank had not yet paid any fees or commissions to Capsys.

As at 31 March 2007, loans to the parent (which includes entities that are related to SAFC) were KZT 7,386 million. See Note 24 to the Unaudited Interim Financial Statements.

PRINCIPAL SHAREHOLDERS

The Bank's common shares are listed on the "A" list of the KASE. The following table sets out shareholding information of Management as a group and of all direct holders of more than 3 per cent. of the Bank's common shares as at the date of this Prospectus:

Name	Number of shares	Percentage of shares
JSC Seimar Alliance Financial Corporation	6,988,175	72.5%
Central Depositary of Securities	1,867,564	19.4%
JSC Alliance Leasing	466,634	4.8%
Others	315,942	3.3%
Total	**9,637,500**	**100.0%**

The above shareholders are legally unrelated (save for SAFC and Alliance Leasing, which are affiliated entities). There are, however, formal and informal agreements among the beneficial owners of SAFC and certain shareholders of the Bank representing an approximate 20 per cent. direct and beneficial shareholding (most of whose shares are held by nominees in the Central Depositary of Securities). All of the above-mentioned shareholders are long-term beneficial owners who have generally voted in a consistent manner with each other and who have historically agreed as to the strategic approach to be taken by the Bank. No person other than SAFC and Alliance Leasing beneficially owns or controls more than 3 per cent. of the shares of the Bank.

Most of these unrelated shareholders (representing an aggregate amount of approximately 20 per cent. of the common shares of the Bank) have executed option agreements in 2007 with Mr. Margulan Seissembayev, the Chairman of the Board of Directors of the Bank and Chairman of the Board of SAFC, by which Mr. Seissembayev has the right to purchase any and all of the shares directly or indirectly held by such persons. These agreements reflect the informal agreements that had previously existed among the beneficial owners of SAFC and such shareholders with respect to the right of such beneficial owners to buy out these minority interests. Although the precise terms of these options vary from agreement to agreement, in general Mr. Seissembayev has the exclusive option for terms of up to 30 months to purchase the shares at a price which is generally below the price at which the common shares currently trade on the KASE and below the equivalent price of the GDRs offered hereby. These options are transferable by Mr. Seissembayev to any person or entity, including SAFC, the immediate family of Mr. Seissembayev, and corporate entities beneficially owned by such persons. These option agreements, if exercised in full, would enable Mr. Seissembayev to increase his level of beneficial ownership of the common shares of the Bank (including common shares owned by SAFC) to approximately 75 per cent. after giving effect to the sale of Shares contemplated hereby. The Bank understands that Mr. Seissembayev currently expects that, within the six months following completion of the Global Offer, he may exercise options relating to up to three quarters of the shares covered by these option agreements, although there can be no assurances in this regard. Pursuant to these options, the existing shareholders signing such agreements have agreed with Mr. Seissembayev not to sell, pledge or otherwise transfer their shares for so long as the options remain in place.

None of the Bank's shareholders has voting rights different from any other holders of its common shares.

Seimar Alliance Financial Corporation

SAFC is a large industrial investment company, based in Kazakhstan, which was founded in 1991. The business address of SAFC is 38 Dostyk Avenue, 7th Floor, Almaty 050010. Prior to the middle of 2005, the group was engaged in a variety of industry sectors, including: the provision, storage and processing of grain and rice; egg and poultry production; paper and cardboard manufacturing; telecommunications; and investing in a variety of industrial projects within Kazakhstan. In the middle of 2005, the group disposed of its interests in all industry sectors except banking, finance and insurance with a view to concentrating on these sectors. In addition to holding shares in the Bank, SAFC owns stakes in JSC Alliance Leasing and JSC Alliance Policy. SAFC manages its non-bank financial businesses on a standalone, independent basis. SAFC is controlled by Mr. Margulan Seissembayev, the Chairman of the Board of Directors of the Bank and a prominent Kazakhstan businessman, and his two brothers, Erlan Seissembayev and Askar Galin.

SAFC originally acquired its interest in the Bank in 2001, when it led a consortium of domestic companies, including OJSC Almaty Kus, CJSC Astyk Astana 2030, CJSC Byte Corporation and CJSC Zhana Gasyr NS in investing in the Bank. The consortium acquired an interest in the Bank in excess of 90 per cent., with SAFC acquiring an approximate 37 per cent. stake. On 25 February 2006, SAFC obtained approval from the FMSA to become a bank holding company. During the course of 2005, SAFC obtained options over shares that would give SAFC a controlling interest in the Bank. In March 2006, SAFC exercised these options, thereby purchasing 42 per cent. of the common shares in the Bank and, as a result, increased its total shareholding in the Bank to 72.5 per cent. In March and April of 2007, SAFC, exercising its pre-emption rights, purchased a total of 2,627,163 additional common shares.

In June 2007, SAFC sold 1,927,500 common shares to Mr. Seissembayev at an average price of KZT 65,000 per common share in a transaction on the KASE through Alliance Capital, a Kazakhstan broker (which is the equivalent of 57,825,000 GDRs). Shortly thereafter Mr. Seissembayev resold the same amount of common shares through Alliance Capital to SAFC at the same price in a transaction on the KASE, restoring SAFC's beneficial ownership to 72.5 per cent. These transactions will have no effect on the Bank or on investors who acquire Shares in the Global Offer.

TERMS AND CONDITIONS OF THE GDRs

The following terms and conditions (except for paragraphs in italics) will be endorsed on each certificate representing GDRs.

The Global Depositary Receipts ("GDRs") represented by this certificate are denominated in U.S. Dollars and are each issued in respect of one-thirtieth of a common share (the "Shares") in JSC Alliance Bank (the "Bank") pursuant to and subject to an agreement to be dated on or about 19 July 2007, and made between the Bank and The Bank of New York in its capacity as depositary (the "Depositary") (such agreement, as amended from time to time, being hereinafter referred to as the "Deposit Agreement"). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed HSBC Bank Kazakhstan as custodian (in its capacity as custodian, the "Custodian") to receive and hold on its behalf any relevant documentation respecting certain Shares (the "Deposited Shares") and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the "Deposited Property"). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to their holdings of GDRs. In these terms and conditions (the "Conditions"), references to the "Depositary" are to The Bank of New York and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the "Custodian" are to HSBC Bank Kazakhstan in its capacity as Custodian or any other custodian from time to time appointed under the Deposit Agreement and references to the "Main Office" mean, in relation to the relevant Custodian, its head office in the city of Almaty or such other location of the head office of the Custodian in Kazakhstan as may be designated by the Custodian with the approval of the Depositary (if outside the city of Almaty) or the head office of any other custodian from time to time appointed under the Deposit Agreement.

References in these Conditions to the "Holder" of any GDR shall mean the person or persons registered in the books of the Depositary maintained for such purpose (the "Register") as holder. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 17) and at the Main Office of the Custodian. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. **Holders of GDRs are not party to the Deposit Agreement and thus, under English law, have no contractual rights against, or obligations to, the Bank or Depositary. However, the Deed Poll executed by the Bank in favour of the Holders provides that, if the Bank fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the "Depositary" in respect of that number of Deposited Shares to which the GDRs of which it is the Holder relate. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement on behalf of any Holder of a GDR or any other person.**

1 WITHDRAWAL OF DEPOSITED PROPERTY AND FURTHER ISSUES OF GDRs

1.1 Any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence of the entitlement of the Holder to the relevant GDR as the Depositary may reasonably require, at the specified office of the Depositary or any Agent accompanied by:

(i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Main Office of the Custodian, or (at the request, risk and expense of the Holder, and only if permitted by applicable law from time to time) at the specified office located in New York, London or Kazakhstan of the Depositary or any Agent, or to the order in writing of, the person or persons designated in such order;

(ii) the payment of such fees, taxes, duties, charges and expenses as may be required under these Conditions or the Deposit Agreement;

(iii) the surrender (if appropriate) of GDR certificates in definitive registered form properly endorsed in blank or accompanied by proper instruments of transfer satisfactory to the Depositary to which the Deposited Property being withdrawn is attributable; and

(iv) the delivery to the Depositary of a duly executed and completed certificate substantially in the form set out either (a) in Schedule 3, Part B, to the Deposit Agreement, if Deposited Property is to be withdrawn or delivered in respect of surrendered Regulation S GDRs, or (b) in Schedule 4, Part B, to the Deposit Agreement, if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs.

Both the certificate to be provided in the form of Schedule 3, Part B to the Deposit Agreement and the certificate to be provided in the form of Schedule 4, Part B to the Deposit Agreement certify, among other things, that the holder is not a person subject to Article 17.5 of the Kazakhstan Law on Banks and Banking Activity (as such law may be amended from time to time), in that it is not (i) a legal entity registered in Andorra, Liechtenstein, Liberia, Monaco or the Marshall Islands (and/or such other jurisdictions as may be specified under applicable Kazakhstan law from time to time) or which has an affiliate registered in any such jurisdiction (unless such entity is an international bank having a credit rating of "A" or above from one of Moody's Investors Service, Inc., Standard & Poor's Rating Services, Fitch Ratings Ltd. or Capital Intelligence Ltd.) or (ii) a physical person who is a participant or a shareholder in such legal entity.

1.2 Upon production of such documentation and the making of such payment as aforesaid for withdrawal of the Deposited Property in accordance with Condition 1.1, the Depositary will direct the Custodian, by tested telex, facsimile or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:

(i) a certificate (if any) for, or other appropriate instrument of title (if any) to or evidence of a book-entry transfer in respect of the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

(ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof; provided however that the Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash;

PROVIDED THAT the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

(a) will direct the Custodian to deliver the certificates for, or other instruments of title to, or book-entry transfer in respect of, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraphs 1.2(i) and (ii) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agent and is attributable to such Deposited Shares); and/or

(b) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof),

in each case to the specified office located in New York or London of the Depositary (if permitted by applicable law from time to time) or at the specified office in Kazakhstan of any Agent as designated by the surrendering Holder in the order accompanying such GDR.

1.3 Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

1.4 The Depositary may, in accordance with the terms of the Deposit Agreement and upon delivery of a duly executed order (in a form reasonably approved by the Depositary) and a duly executed certificate substantially in the form of (a) Schedule 3, Part A of the Deposit Agreement (*which is described in the following paragraph*) by or on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 4, Part A of the Deposit Agreement (*which is described in the second following paragraph*) by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDRs from time to time execute and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares corresponding to such further GDRs) and, subject to the terms of the Deposit Agreement, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The certificate to be provided in the form of Schedule 3, Part A, of the Deposit Agreement certifies, among other things, that the person providing such certificate is located outside the United States and will comply with the restrictions on transfer set forth under "Details of the Global Offer — Selling and Transfer Restrictions".

The certificate to be provided in the form of Schedule 4, Part A, of the Deposit Agreement certifies, among other things that the person providing such certificate is a QIB or is acting for the account of another person and such person is a QIB and, in either case, will comply with the restrictions on transfer set forth under "Details of the Global Offer — Selling and Transfer Restrictions".

1.5 Any further GDRs issued pursuant to Condition 1.4 which (i) correspond to Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares corresponding to the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will be represented by a separate temporary Master GDR. Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Master GDR (by increasing the total number of GDRs evidenced by the Master GDR by the number of such further GDRs, as applicable).

1.6 The Depositary may issue GDRs against rights to receive Shares from the Bank (or any agent of the Bank recording Share ownership). No such issue of GDRs will be deemed a "Pre-Release" as defined in Condition 1.7.

1.7 Unless requested in writing by the Bank to cease doing so, and notwithstanding the provisions of Condition 1.4, the Depositary may execute and deliver GDRs or issue interests in a Master Regulation S GDR or a Master Rule 144A GDR, as the case may be, prior to the receipt of Shares (a "Pre-Release"). The Depositary may, pursuant to Condition 1.1, deliver Shares upon the receipt and cancellation of GDRs, which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such GDR has been Pre-Released. The Depositary may receive GDRs in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom GDRs or Deposited Property are to be delivered (the "Pre-Releasee") that such person, or its customer, (i) owns or represents the owner of the corresponding Deposited Property or GDRs to be remitted (as the case may be), (ii) assigns all beneficial right, title and interest in such Deposited Property or GDRs (as the case may be) to the Depositary in its capacity as such and for the benefit of the Holders, (iii) will not take any action with respect to such GDRs or Deposited Property (as the case may be) that is inconsistent with the transfer of beneficial ownership (including without the consent of the Depositary, disposing of such Deposited Property or GDRs, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralised with cash or such other collateral as the Depositary determines in good faith will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days' notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of GDRs which are outstanding at any time as a result of Pre-Release will not normally represent more than thirty per cent. of the total number of GDRs then outstanding; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate and may, with the prior written consent of the Bank, change such limits for the purpose of general application. The Depositary will also set U.S. Dollar limits with respect to such transactions hereunder with any particular Pre-Releasee hereunder on a case by case basis as the Depositary deems appropriate. The collateral referred to in sub-paragraph (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations in connection herewith, including the Pre-Releasee's obligation to deliver Shares and/or other securities or GDRs upon termination of a transaction anticipated hereunder (and shall not, for the avoidance of doubt, constitute Deposited Property hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing including, without limitation, earnings on the collateral.

The person to whom a Pre-Release of Rule 144A GDRs or Rule 144A Shares is to be made pursuant to this Condition 1.7 shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 4 Part A of the Deposit Agreement. The person to whom any Pre-Release of Regulation S GDRs or Regulation S Shares is to be made pursuant to this paragraph shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 Part A of the Deposit Agreement.

2 SUSPENSION OF ISSUE OF GDRS AND OF WITHDRAWAL OF DEPOSITED PROPERTY

The Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Bank in writing that the Deposited Shares or GDRs or any depositary receipts corresponding to Shares are listed on a U.S. Securities Exchange or quoted on a U.S. automated inter dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A. Further, the Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Bank is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The Depositary shall (unless otherwise notified by the Bank) restrict the withdrawal of Deposited Shares where the Bank notifies the Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Bank's constitutive documents or would otherwise violate any applicable laws.

3 TRANSFER AND OWNERSHIP

The GDRs are in registered form, each representing one-thirtieth of a Share. Title to the GDRs passes by registration in the Register and accordingly, transfer of title to a GDR is effective only upon such registration. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated by the Depositary and the Bank as its beneficial owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of any certificate issued in respect of it) and no person will be liable for so treating the Holder.

Interests in Rule 144A GDRs corresponding to the Master Rule 144A GDR may be transferred to a person whose interest in such Rule 144A GDRs is subsequently represented by the Master Regulation S GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and that the transferor is not a person subject to Article 17.5 of the Kazakhstan Law on Banks and Banking Activity (as such law may be amended from time to time), in that it is not (a) a legal entity registered in Andorra, Liechtenstein, Liberia, Monaco or the Marshall Islands (and/or such other jurisdictions as may be specified under applicable Kazakhstan law from time to time) or which has an affiliate registered in any such jurisdiction (unless such entity is an international bank having a credit rating of "A" or above from one of Moody's Investors Services, Inc., Standard & Poor's Rating Services, Fitch Ratings Ltd. or Capital Intelligence Ltd.) or (b) a physical person who is a participant or a shareholder in such legal entity. Prior to expiration of the Restricted Period (such term being defined as the 40-day period beginning on the latest of the commencement of the offering of GDRs, the original issue date of the GDRs, and the latest issue date with respect to the additional GDRs, if any, issued pursuant to the over-allotment option granted to the Managers pursuant to the Underwriting Agreement), no owner of Regulation S GDRs may transfer Regulation S GDRs or Shares represented thereby except in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act or to, or for the account of, a qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act (each a "QIB") in a transaction meeting the requirements of such Rule 144A. There shall be no transfer of Regulation S GDRs by an owner thereof to a QIB except as aforesaid and unless such owner (i) withdraws Regulation S Shares from the Regulation S Facility in accordance with Clause 3.5 of the Deposit Agreement, which requires certification that the owner is not a person subject to Article 17.5 of the Kazakhstan Law on Banks and Banking Activity (as such law may be amended from time to time), in that it is not (a) a legal entity registered in Andorra, Liechtenstein, Liberia, Monaco or the Marshall Islands (and/or such other jurisdictions as may be specified under applicable Kazakhstan law from time to time) or which has an affiliate registered in any such jurisdiction (unless such entity is an international bank having a credit rating of "A" or above from one of Moody's Investors Services, Inc., Standard & Poor's Rating Services, Fitch Ratings Ltd. or Capital Intelligence Ltd.) or (b) a physical person who is a participant or a shareholder in such legal entity, and (ii) instructs the Depositary to deliver the Shares so withdrawn to the account of the Custodian to be deposited into the Rule 144A Facility for issuance thereunder of Rule 144A GDRs to, or for the account of, such QIB. Issuance of such Rule 144A GDRs shall be subject to the terms and conditions of the Deposit Agreement, including, with respect to the deposit of Shares and the issuance of Rule 144A GDRs, delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein.

4 CASH DISTRIBUTIONS

Whenever the Depositary shall receive from the Bank any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Bank) or otherwise in connection with the Deposited Property, the Depositary shall, as soon as practicable, convert the same into United States Dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares corresponding to the GDRs so held by them, respectively, subject to and in accordance with the provisions of Conditions 9 and 11; PROVIDED THAT:

(a) in the event that the Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and

(b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary, and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16.1(iv).

5 DISTRIBUTIONS OF SHARES

Whenever the Depositary shall receive from the Bank any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares corresponding to the GDRs held by them, respectively, additional GDRs corresponding to an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs corresponding to the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; PROVIDED THAT, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Bank, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6 DISTRIBUTIONS OTHER THAN IN CASH OR SHARES

Whenever the Depositary shall receive from the Bank any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares corresponding to the GDRs held by them, respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; PROVIDED THAT, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Bank, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof, in such way as the Depositary may determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7 RIGHTS ISSUES

If and whenever the Bank announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 23, of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:

(i) if and to the extent that the Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in Tenge or other relevant currency together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs corresponding to the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or

(ii) if and to the extent that the Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the Depositary will distribute such rights to the Holders entitled thereto in such manner as the Depositary may at its discretion determine; or

(iii) if and to the extent that the Depositary deems any such arrangement and distribution as is referred to in paragraphs (i) and (ii) above to all or any Holders not to be lawful and reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Bank, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary (a) will, PROVIDED THAT Holders have not taken up rights through the Depositary as provided in paragraph (i) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (b) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

(iv)

(a) Notwithstanding the foregoing, in the event that the Depositary offers rights pursuant to Condition 7(i) above (the "Primary GDR Rights Offering"), if authorised by the Bank to do so, the Depositary may, in its discretion, make arrangements whereby in addition to instructions given by a Holder to the Depositary to exercise rights on its behalf pursuant to

Condition 7(i), such Holder is permitted to instruct the Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder's GDRs ("Additional GDR Rights") if at the date and time specified by the Depositary for the conclusion of the Primary GDR Offering (the "Instruction Date") instructions to exercise rights have not been received by the Depositary from the Holders in respect of all their initial entitlements. Any Holder's instructions to subscribe for such Additional GDR Rights ("Additional GDR Rights Requests") shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the "Maximum Additional Subscription") and must be received by the Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto ("Unsubscribed Rights"), subject to Condition 7(iv)(c) and receipt of the relevant subscription price in Tenge or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses as it may deem necessary, the Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(iv)(b).

(b) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Request but the Depositary shall not be bound to arrange for a Holder to receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated pro rata on the basis of the extent of the Maximum Additional Subscription specified in each Holder's Additional GDR Rights Request.

(c) In order to proceed in the manner contemplated in this Condition 7(iv), the Depositary shall be entitled to receive such opinions from Kazakhstan counsel and U.S. counsel to the Bank as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the Depositary and at the expense of the Bank and may be requested in addition to any other opinions and/or certifications which the Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the Depositary shall have no liability to the Bank or any Holder in respect of its actions or omissions to act under this Condition 7(iv) and, in particular, the Depositary will not be regarded as being negligent, acting in bad faith, or in wilful default if it elects not to make the arrangements referred to in Condition 7(iv)(a).

The Bank has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavours (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

If the Bank notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Condition 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Bank to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Bank procures the receipt by the Depositary of an opinion from counsel to the Bank reasonably satisfactory to the Depositary that a registration statement is in effect or that the offering and sale of such rights or securities to such Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Bank nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (i), (ii), (iii) and (iv) above, the Depositary shall permit the rights to lapse. The Depositary will not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

8 CONVERSION OF FOREIGN CURRENCY

Whenever the Depositary shall receive any currency other than United States Dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the Depositary be converted on a reasonable basis into United States Dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable itself convert or cause to be converted by another bank or other financial institution, by sale or in any other manner that it may reasonably determine, the currency so received into United States Dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary shall make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may deem desirable. If at any time the Depositary shall determine that in its judgement any currency other than United States Dollars is not convertible on a reasonable basis into United States Dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may at its discretion make such conversion and distribution in United States Dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance for the account of, the Holders entitled thereto, and notify the Holders accordingly.

9 DISTRIBUTION OF ANY PAYMENTS

9.1 Any distribution of cash under Conditions 4, 5, 6, 7 or 10 will be made by the Depositary to Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Bank as is reasonably practicable) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States Dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream, Euroclear or DTC (as the case may be). The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law or regulation in respect of such GDR or the relative Deposited Property.

9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Bank as is reasonably practicable), subject to any laws or regulations applicable thereto. If any distribution made by the Bank with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Bank when the Depositary shall retain the same) return the same to the Bank for its own use and benefit subject, in all cases, to the provisions of applicable law or regulation.

10 CAPITAL REORGANISATION

Upon any change in the nominal or par value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganisation, merger or consolidation of the Bank or to which it is a party (except where the Bank is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders and at its discretion may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto, or may execute and deliver additional GDRs in respect of Shares or may require the exchange of existing GDRs for new GDRs which reflect the effect of such change.

11 WITHHOLDING TAXES AND APPLICABLE LAWS

11.1 Payments to Holders of dividends or other distributions on or in respect of the Deposited Shares will be subject to deduction of Kazakhstan and other withholding taxes, if any, at the applicable rates.

11.2 If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in Kazakhstan in order for the Depositary to receive from the Bank Shares or other securities to be deposited under these Conditions, or in order for Shares, other securities or other property to be distributed under Conditions 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Bank has agreed to apply for such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such laws. In this connection, the Bank has undertaken in the Deposit Agreement to the extent reasonably practicable to take such action as may be required in obtaining or filing the same. The Depositary shall not be obliged to distribute GDRs representing such Shares, Shares, other securities or other property deposited under these Conditions or make any offer of any such rights or sell any securities corresponding to any such rights with respect to which such authorisation, consent, registration or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent, registration or permit, or to file any such report.

12 VOTING OF SHARES

12.1 Holders will have voting rights with respect to the Deposited Shares, subject to and in accordance with any applicable Kazakhstan law. The Bank has agreed to notify the Depositary of any resolution to be proposed at a General Meeting of the Bank and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 12.

The Bank has agreed with the Depositary that it will promptly provide to the Depositary notices of meetings of the shareholders of the Bank and the agenda therefor and request the Depositary in writing to prepare, in consultation with the Bank, written requests containing voting instructions by which each Holder may give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the meeting, which the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be the same as the corresponding record date set by the Bank or as near as practicable thereto) as soon as practicable after receipt of the same by the Depositary in accordance with Condition 23. Each Holder will be required to certify in such voting instruction that (a) it is not a person subject to Article 17.5 of the Kazakhstan Law on Banks and Banking Activity (as such law may be amended from time to time), in that it is not (i) a legal entity registered in Andorra, Liechtenstein, Liberia, Monaco or the Marshall Islands (and/or such other jurisdictions as may be specified under applicable Kazakhstan law form time to time) or which has an affiliate registered in any such jurisdiction (unless such entity is an international bank having a credit rating of "A" or above from one of Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Ratings Ltd. or Capital Intelligence Ltd.) or (ii) a physical person who is a participant or a shareholder in such legal entity; and (b) such Holder owns less than 10% of the outstanding Shares of the Bank (or such other percentage as shall at the relevant time require an approval from the FMSA or any other relevant regulatory authority) or in the case it owns more than 10% (or such other percentage, as the case may be), it has obtained the required approvals. If no such certification is provided to the Depositary by a Holder (an "Uncertified Holder"), the Depositary will not exercise any voting rights in relation to the Deposited Shares which are represented by the GDRs which are held by the Uncertified Holder and such voting rights shall lapse. The Bank also agrees to provide to the Depositary appropriate proxy forms to enable the Depositary to appoint a representative to attend the relevant meeting and vote on behalf of the Depositary.

12.2 In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the Depositary by such record date as the Depositary may specify.

12.3 The Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Shares so that a portion of the Deposited Shares will be voted for and a portion of the Deposited Shares will be voted against any resolution specified in the agenda for the relevant meeting in accordance with the voting instructions it has received.

12.4 If the Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permitted by Kazakhstan law to exercise the voting rights in respect of the Deposited Shares differently (so that a portion of the Deposited Shares may be voted for a resolution and a portion of the Deposited Shares may be voted against a resolution) the Depositary shall, if the opinion referred to in Condition 12.7 below confirms it to be permissible under Kazakhstan law, calculate from the voting instructions that it has received from all Holders (x) the aggregate number of votes in favour of a particular resolution and (y) the aggregate number of votes opposed to such resolution and cast or cause to be cast in favour of or opposed to such resolution the number of votes representing the net positive difference between such aggregate number of votes in favour of such resolution and such aggregate number of votes opposed to such resolution.

12.5 The Depositary will only endeavour to vote or cause to be voted the votes attaching to Shares in respect of which voting instructions have been received. If no voting instructions are received by the Depositary (either because no voting instructions are returned to the Depositary or because the voting instructions are incomplete, illegible or unclear) from a Holder with respect to any or all of the Deposited Shares represented by such Holder's GDRs on or before the record date specified by the Depositary, the Depositary shall not exercise voting rights in relation to such Deposited Shares and such voting rights shall lapse.

12.6 If the Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permissible under Kazakhstan law or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with Conditions 12.3 or 12.4, the Depositary shall not vote or cause to be voted such Deposited Shares.

12.7 Where the Depositary is to vote in respect of each and any resolution in the manner described in Conditions 12.3 or 12.4 above the Depositary shall notify the Chairman of the Board of Directors of the Bank and designate a representative to attend such meeting or otherwise cause to be voted the Deposited Shares in the manner required by this Condition 12. The Depositary shall not be required to take any action required by this Condition 12 unless it shall have received an opinion from the Bank's legal counsel (such counsel being reasonably acceptable to the Depositary) at the expense of the Bank to the effect that such voting arrangement is valid and binding on Holders under Kazakhstan law and the statutes of the Bank and that the Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 but that in doing so the Depositary will not be deemed to be exercising voting discretion.

12.8 The Depositary is entitled to amend this Condition 12 and Clause 5 of the Deposit Agreement from time to time by written notice to the Bank and the GDR Holders (and subject to the approval of (i) the Bank, such approval not be unreasonably withheld or delayed, and (ii) the relevant authority in Kazakhstan, if required) where the Depositary considers it necessary to do so in order to comply with applicable Kazakhstan law. By continuing to hold the GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition 12 and Clause 5 of the Deposit Agreement as such terms may be amended from time to time in order to comply with applicable Kazakhstan law.

12.9 The Depositary shall not, and the Depositary shall ensure the Custodian and its nominee do not, vote or attempt to exercise the right to vote that attaches to the Deposited Shares other than in accordance with instructions given, or deemed given, in accordance with this Condition 12.

This summary must be read subject to the detailed terms of Condition 12 and, while this summary reflects the voting process expected to be followed in the context of current requirements of

Kazakhstan law, it should be noted that this is a developing area subject to change. In order to allow Holders to exercise voting rights with respect to the Deposited Shares, the Bank will send a notice to the registrar no later than 40 days prior to any meeting of holders of Deposited Shares. Within five days of receipt, the registrar will forward such notice to the Central Depositary, who then has two days to forward the notice to the Custodian. The Custodian will then have two days to forward the notice to the Depositary. The Depositary shall in accordance with the Conditions send notice of the meeting to all Holders along with a voting instructions form which will require each Holder to confirm their beneficial ownership and eligibility to vote, as well as to indicate their voting preferences with respect to each resolution to be considered at the meeting. The confirmations and tabulation of the voting preferences received on or prior to the cut-off time specified by the Depositary (which is likely to be the date which is the 21st day after receipt of the notice by the Depositary from the Custodian) will be provided by the Depositary to the Custodian, along with a power of attorney enabling the Custodian to exercise the voting rights in respect of the relevant Deposited Shares. The Custodian will provide a list of beneficial owners to the Central Depositary on a date expected to be a date no later than 23 days from the date on which the notice from the Central Depositary was received by the Custodian. It is expected that within three days of receipt, the Central Depositary will provide the list of beneficial owners to the Registrar who will have three days to provide such list to the Bank. At the relevant meeting, the Custodian will then participate and vote in accordance with the instructions received from the Depositary.

13 RECOVERY OF TAXES, DUTIES AND OTHER CHARGES, AND FEES AND EXPENSES DUE TO THE DEPOSITARY

The Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR (the "Charges") shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. The Depositary may sell (whether by way of public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) for the account of the Holder an appropriate number of Deposited Shares or amount of other Deposited Property and will discharge out of the proceeds of such sale any Charges, and any fees or expenses due to the Depositary from the Holder pursuant to Condition 16, and subsequently pay any surplus to the Holder. Any request by the Depositary for the payment of Charges shall be made by giving notice pursuant to Condition 23.

14 LIABILITY

14.1 In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or owners of GDRs or any other person.

14.2 Neither the Depositary, the Custodian, the Bank, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if, by reason of any provision of any present or future law or regulation of Kazakhstan or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the Depositary, the Custodian, any Agent or any of their agents, officers, directors or employees, by reason of any provision, present or future, of the constitutive documents of the Bank, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs by reason of any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

14.3 Neither the Depositary nor any Agent shall be liable (except for its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) to the Bank or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.

14.4 The Depositary and its agents may engage or be interested in any financial or other business transactions with the Bank or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.

14.5 The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.

14.6 The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Bank of its obligations under or in connection with the Deposit Agreement or these Conditions.

14.7 The Depositary shall have no responsibility whatsoever to the Bank, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.

14.8 In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.

14.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

14.10 The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Bank, the Depositary or otherwise, and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.

14.11 Any such advice, opinion, certificate or information (as is referred to in Condition 14.10) may be sent or obtained by letter, telex, facsimile transmission, telegram or cable and the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter, telex or facsimile transmission notwithstanding that (without the Depositary's knowledge) the same shall contain some error or shall not be authentic.

14.12 The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Bank by a director of the Bank or by a person duly authorised by a director of the Bank or such other certificate from persons specified in Condition 14.10 above which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.

14.13 The Depositary shall have no obligation under the Deposit Agreement except to perform its obligations as are specifically set out therein without wilful default, negligence or bad faith.

14.14 Subject as provided in the Deposit Agreement, the Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not, and not being a person to whom the Bank reasonably objects in writing, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interests of the Holders think fit. Subject as aforesaid, any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Bank in making such delegation and the Bank shall not in any circumstances and the Depositary shall not (provided that it shall have exercised reasonable care in the selection of such delegate) be bound to supervise, or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of, any such delegate or sub-delegate. However, the Depositary shall, if practicable, and if so requested by the Bank, pursue (at the Bank's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give written notice thereof to the Bank. Any delegation under this Condition which includes the power to sub-delegate shall provide that the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give written notice thereof to the Bank and the Depositary.

14.15 The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.

14.16 The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the Depositary shall not (in the case of deposit with itself, in the absence of its own negligence, wilful default, or bad faith or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.

14.17 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement, except to the extent that such loss or damage arises from the wilful default, negligence or bad faith of the Depositary or that of its agents, officers, directors or employees.

14.18 No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured to it.

14.19 For the avoidance of doubt, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable

Kazakhstan law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issuance of GDRs if notified by the Bank, or the Depositary becomes aware of the fact, that such transfer or issuance would result in a violation of such law.

14.20 No disclaimer of liability under the U.S. Securities Act is intended by any provision of the Deposit Agreement.

15 ISSUE AND DELIVERY OF REPLACEMENT GDRS AND EXCHANGE OF GDRS

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or replacement of outstanding, lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any Agent.

16 DEPOSITARY'S FEES, COSTS AND EXPENSES

16.1 The Depositary shall be entitled to charge the following remuneration and receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:

(i) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Offering) or the cancellation of GDRs upon the withdrawal of Deposited Property: U.S.$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled;

(ii) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;

(iii) for issuing GDR certificates in definitive registered form (other than pursuant to (ii) above): the greater of U.S.$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;

(iv) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.$0.02 or less per GDR for each such dividend or distribution;

(v) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: US$5.00 or less per 100 outstanding GDRs (or portion thereof) for each such issue of rights, dividend or distribution;

(vi) for transferring interests from and between the Regulation S Master GDR and the Rule 144A Master GDR: a fee of U.S.$0.05 or less per GDR;

(vii) a fee of U.S.$0.02 or less per GDR (or portion thereof) per annum for depositary services, which shall be payable as provided in paragraph (viii) below; and

(viii) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property which charge shall be assessed against Holders as of the date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions, together with all expenses (including currency conversion expenses), transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above.

16.2 The Depositary is entitled to receive from the Bank the fees, taxes, duties, charges costs and expenses as specified in a separate written agreement between the Bank and the Depositary.

17 AGENTS

17.1 The Depositary shall be entitled to appoint one or more agents (the "Agents") for the purpose, *inter alia*, of making distributions to the Holders.

17.2 Notice of appointment or removal of any Agent or of any change in the specified office of the Depositary or any Agent will be duly given by the Depositary to the Holders.

18 LISTING

The Bank has undertaken in the Deposit Agreement to use its best endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the official list maintained by the Financial Services Authority (the "Official List") and admission to trading on the market for listed securities of the London Stock Exchange.

For that purpose the Bank will pay all fees and sign and deliver all undertakings required by the Financial Services Authority and the London Stock Exchange in connection with such listings. In the event that the listing on the Official List and admission to trading on the market for listed securities of the London Stock Exchange is not maintained, the Bank has undertaken in the Deposit Agreement to use its best endeavours with the reasonable assistance of the Depositary (provided at the Bank's expense) to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

19 THE CUSTODIAN

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian PROVIDED THAT the Custodian shall not be obliged to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be responsible solely to the Depositary PROVIDED THAT, if and so long as the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Bank. The Custodian may resign or be removed by the Depositary by giving 90 days' prior notice, except that if a replacement Custodian is appointed which is a branch or affiliate of the Depositary, the Custodian's resignation or discharge may take effect immediately on the appointment of such replacement Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian (approved (i) by the Bank, such approval not to be unreasonably withheld or delayed, and (ii) by the relevant authority in Kazakhstan, if any), which shall, upon acceptance of such appointment, and the expiry of any applicable notice period, become the Custodian. Whenever the Depositary in its discretion determines that it is in the best interests of the Holders to do so, it may, after prior consultation with the Bank, terminate the appointment of the Custodian and, in the event of any such termination, the Depositary shall promptly appoint a successor Custodian (approved (i) by the Bank, such approval not to be unreasonably withheld or delayed, and (ii) by the relevant authority in Kazakhstan, if any), which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement on the effective date of such termination. The Depositary shall notify Holders of such change immediately upon such change taking effect in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as therein specified; PROVIDED THAT, in the case of such temporary deposit in another place, the Bank shall have consented to such deposit, and such consent of the Bank shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Bank if and to the extent that the obtaining of such insurance is reasonably practicable and the premiums payable are of a reasonable amount.

20 RESIGNATION AND TERMINATION OF APPOINTMENT OF THE DEPOSITARY

20.1 The Bank may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 120 days' prior notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving at least 120 days' prior notice in writing to the Bank and the Custodian. Within 30 days after the giving of either such notice, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and, if the GDRs are at that time admitted to the official list of the Financial Services Authority and admitted to trading on the London Stock Exchange, to the Financial Services Authority and the London Stock Exchange.

The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in such notice; PROVIDED THAT no such termination of appointment or resignation shall take effect until the appointment by the Bank of a successor depositary under the Deposit Agreement and the acceptance of such appointment to act in accordance with the terms thereof and of these Conditions, by the successor depositary. Save as aforesaid, the Bank has undertaken in the Deposit Agreement to use its reasonable endeavours to procure the appointment of a successor depositary with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and, if the GDRs are at that time admitted to the official list of the Financial Services Authority and admitted to trading on the London Stock Exchange, to the Financial Services Authority and the London Stock Exchange.

20.2 Upon the termination of appointment or resignation of the Depositary and against payment of all fees and expenses due to the Depositary from the Bank under the Deposit Agreement, the Depositary shall deliver to its successor as depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depositary all property and cash held by it under the Deposit Agreement. The Deposit Agreement provides that, upon the date when such termination of appointment or resignation takes effect, the Custodian shall be deemed to be the Custodian thereunder for such successor depositary, and the Depositary shall thereafter have no obligation under the Deposit Agreement or the Conditions (other than liabilities accrued prior to the date of termination of appointment or resignation or any liabilities stipulated in relevant laws or regulations).

21 TERMINATION OF DEPOSIT AGREEMENT

21.1 Either the Bank or the Depositary but, in the case of the Depositary, only if the Bank has failed to appoint a replacement Depositary within 90 days of the date on which the Depositary has given notice pursuant to Condition 20 that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' prior notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding in accordance with Condition 23.

21.2 During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to the provisions of Condition 1.1 and upon compliance with Condition 1, payment by the Holder of the charge specified in Condition 16.1(i) and Clause 10.1.1(a) of the Deposit Agreement for such delivery and surrender, and payment by the Holder of any sums payable by the Depositary and/or any other expenses incurred by the Depositary (together with all amounts which the Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement.

21.3 If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action, except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are the Holders. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligation to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

22 AMENDMENT OF DEPOSIT AGREEMENT AND CONDITIONS

All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 22) may at any time and from time to time be amended by agreement between the Bank and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary, and any amendment (except as aforesaid) which shall increase or impose fees payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders until the expiration of three months after such notice shall have been given. During such period of three months, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 1, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, payment of the charge specified in Condition 16.1(i) for such delivery and surrender and otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder at the time when such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 1, the Deposited Property attributable to the relevant GDR.

For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares PROVIDED THAT temporary GDRs will represent such Shares until they are so consolidated.

23 NOTICES

23.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by telex or facsimile transmission confirmed by letter sent by mail or air courier, addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.

23.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after despatch, and any notice sent by telex transmission, as provided in this Condition, shall be effective when the sender receives the answerback from the addressee at the end of the telex and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The Depositary or the Bank may, however, act upon any telex or facsimile transmission received by it from the other or from any Holder, notwithstanding that such telex or facsimile transmission shall not subsequently be confirmed as aforesaid.

23.3 So long as GDRs are listed on the Official List and admitted to trading on the London Stock Exchange and the rules of the Financial Services Authority or the London Stock Exchange so require, all notices to be given to Holders generally will also be published in a leading daily newspaper having general circulation in the UK (which is expected to be the *Financial Times*).

24 REPORTS AND INFORMATION ON THE BANK

24.1 The Bank has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with six copies in the English language (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of:

(i) in respect of the financial year ending on 31 December 2007 and in respect of each financial year thereafter, the consolidated balance sheets as at the end of such financial year and the consolidated statements of income for such financial year in respect of the Bank, prepared in conformity with International Financial Reporting Standards and reported upon by independent public accountants selected by the Bank, as soon as practicable after the end of such year;

(ii) if the Bank publishes semi-annual financial statements for holders of Shares, such semi-annual financial statements of the Bank, as soon as practicable, after the same are published; and

(iii) if the Bank publishes quarterly financial statements for holders of Shares, such quarterly financial statements, as soon as practicable, after the same are published.

24.2 The Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.

24.3 For so long as any of the GDRs remains outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act if at any time the Bank is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Bank has agreed in the Deposit Agreement to supply to the Depositary such information, in the English language and in such quantities as the Depositary may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of GDRs or to any holder of Shares or a prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Bank in favour of such persons and the information delivery requirements of Rule 144A(d)(4) under the U.S. Securities Act to permit compliance with Rule 144A thereunder in connection with resales of GDRs or Shares or interests therein in reliance on Rule 144A under the U.S. Securities Act and otherwise to comply with the requirements of Rule 144A(d)(4) under the U.S. Securities Act. Subject to receipt, the Depositary will deliver such information, during any period in which the Bank informs the Depositary it is subject to the information delivery requirements of Rule 144(A)(d)(4), to any such holder, beneficial owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

25 COPIES OF BANK NOTICES

The Bank has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary on or before the day when the Bank first gives notice, by mail, publication or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, such number of copies of such notice and any other material (which contains information having a material bearing on the interests of the Holders) furnished to such holders by the Bank (or such number of English translations of the originals if the originals were prepared in a language other than English) in connection therewith as the Depositary may reasonably request. If such notice is not furnished to the Depositary in English, either by the Bank or the Custodian, the Depositary shall, at the Bank's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem adequate to provide sufficient information) to be prepared. Except as provided below, the Depositary shall, as soon as practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

26 MONEYS HELD BY THE DEPOSITARY

The Depositary shall be entitled to deal with moneys paid to it by the Bank for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Bank or any Holder or any other person for any interest thereon, except as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the Depositary.

27 SEVERABILITY

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28 GOVERNING LAW

28.1 The Deposit Agreement and the GDRs are governed by, and shall be construed in accordance with, English law except that the certifications set forth in Schedules 3 and 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Kazakhstan law. The Bank has submitted in respect of the Deposit Agreement and the Deed Poll to the jurisdiction of the English courts and the courts of the State of New York and any United States Federal Court sitting in the Borough of Manhattan, New York City. The Bank has also agreed in the Deposit Agreement, and the Deed Poll to allow, respectively, the Depositary and the Holders to elect that Disputes are resolved by arbitration.

28.2 The Bank has irrevocably appointed Law Debenture Corporate Services Limited, with offices at Fifth Floor, 100 Wood Street, London EC2V 7EX, as its agent in England to receive service of process in any Proceedings in England based on the Deed Poll and has agreed to receive service of process in any Proceedings in New York by registered post at the Bank's registered office at 80 Satpayev Street, Almaty 050046, Republic of Kazakhstan. If for any reason the Bank does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

28.3 The courts of England are to have jurisdiction to settle any disputes (each a "Dispute") which may arise out of or in connection with the GDRs and accordingly any legal action or proceedings arising out of or in connection with the GDRs ("Proceedings") may be brought in such courts. Without prejudice to the foregoing, the Depositary further irrevocably agrees that any Proceedings may be brought in any New York State or United States Federal Court sitting in the Borough of Manhattan, New York City. The Depositary irrevocably submits to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

28.4 These submissions are made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not).

28.5 In the event that the Depositary is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceeding (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Bank, or which contains allegations to such effect, upon notice from the Depositary, the Bank has agreed to fully cooperate with the Depositary in connection with such litigation, arbitration or Proceeding.

28.6 The Depositary irrevocably appoints The Bank of New York, London Branch (Attention: The Manager), 48th Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE GDRs WHILE IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Master Regulation S GDR in registered form and (ii) a single Master Rule 144A GDR in registered form. Book-entry interests in GDRs held through Euroclear and Clearstream will be represented by the Master Regulation S GDR registered in the name of The Bank of New York Depository (Nominees) Limited and deposited with The Bank of New York, London Branch, as common depositary for Euroclear and Clearstream. Book-entry interests in GDRs held through DTC will be represented by the Master Rule 144A GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by the Depositary as custodian for DTC.

The Master Regulation S GDR and the Master Rule 144A GDR contain provisions which apply to the GDRs while they are in master form, some of which modify the effect of the Terms and Conditions of the GDRs set out in this Prospectus. The following is a summary of certain of those provisions. Unless otherwise defined herein, terms defined in the Terms and Conditions of the GDRs shall have the same meaning herein.

The Master GDRs (as defined under the section headed "Definitions") will only be exchanged for certificates in definitive registered form representing GDRs in the circumstances described in (i), (ii), (iii) or (iv) below in whole but not in part. The Depositary will irrevocably undertake in the Master GDRs to deliver certificates evidencing GDRs in definitive registered form in exchange for the relevant Master GDR to the Holders within 60 days in the event that:

(i) DTC, Euroclear or Clearstream advises the Bank that it is unwilling or unable to continue as depositary and a successor depositary is not appointed within 90 calendar days; or

(ii) DTC, Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 days; or

(iii) DTC or any successor ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended; or

(iv) the Depositary has determined that, on the occasion of the next payment in respect of the GDRs, the Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the GDRs which would not be required were the GDRs represented by certificates in definitive registered form, provided that the Depositary shall have no obligation to so determine or to attempt to so determine.

Any exchange shall be at the expense (including printing costs) of the Bank.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through DTC, Euroclear or Clearstream. Upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Master Rule 144A GDR and the Master Regulation S GDR pursuant to Condition 3 (Transfer and Ownership), or any distribution of GDRs pursuant to Conditions 5 (Distributions of Shares), 7 (Rights Issues) or 10 (Capital Reorganisation) or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 1 (Withdrawal of Deposited Property and Further Issues of GDRs), the relevant details shall be entered by the Depositary on the register maintained by the Depositary whereupon the number of GDRs represented by the Master GDR shall be reduced or increased (as the case may be) for all purposes by the amount so exchanged and entered on the register provided always that if the number of GDRs represented by a Master GDR is reduced to zero such Master GDR shall continue in existence until the obligations of the Company under the Deposit Agreement and the obligations of the Depositary pursuant to the Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) in relation to the Master GDRs will be made by the Depositary through DTC, Euroclear or Clearstream, as the case may be, on behalf of persons entitled thereto upon receipt of funds therefor from the Bank. A free distribution or rights issue of Shares to the Depositary on behalf of the Holders will result in the record maintained by the Depositary being marked up to reflect the enlarged number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Terms and Conditions of the GDRs. Voting rights will be exercised by the Depositary only upon receipt of written instructions in accordance with and subject to the provisions of the Conditions and the Deposit Agreement and if permitted by law, which shall, where the Depositary so requests, be subject to an opinion being given by the Bank's legal counsel, such counsel being reasonably satisfactory to the Depositary, that the Depositary can do so. In the absence of an opinion from legal counsel as aforesaid in response to a request from the Depositary, the Depositary shall not exercise any voting rights and shall have no liability to the Bank or any Holder for any action taken or not taken as the case may be.

Surrender of GDRs

Any requirement in the Terms and Conditions of the GDRs relating to the surrender of a GDR to the Depositary shall be satisfied by the production by DTC, Euroclear or Clearstream on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by DTC, Euroclear or Clearstream, as the case may be. The delivery or production of any such evidence shall be sufficient evidence, in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs.

Notices

For as long as the Master Regulation S GDR is registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for the Common Depositary for Euroclear and Clearstream and the Master Rule 144A GDR is registered in the name of Cede & Co. on behalf of DTC, notices to Holders may be given by the Depositary by delivery of the relevant notice to DTC, Euroclear and Clearstream, as the case may be, for communication to persons entitled thereto in substitution for delivery of notices in accordance with Condition 23 (Notices).

The Master GDRs shall be governed by and construed in accordance with English law.

SHARE PRICE

The Bank's common shares are listed and started trading on the KASE on 2 February 2004. The Bank's shares are listed on the "A" Category by the decision of the KASE's Exchange Board. The prices of the shares as quoted on the official list of the KASE are expressed in Kazakhstan Tenge. The trading market for shares listed on the KASE is currently smaller in terms of market capitalisation and average daily trading volume than most major trading markets in Western jurisdictions, and accordingly, holders of the Shares and the GDRs may face liquidity risk with respect to their holdings. See "*Risk Factors — Risks Factors Relating to Operating within the Kazakhstan Banking Sector — Kazakhstan has a less developed securities market than the United States and Western Europe*".

The following table sets forth the reported high and low closing prices and average daily trading volumes of the Shares on the KASE during each of the periods indicated:

Calendar Period	KASE Closing Price of Shares		Average Daily Trading Volume
	High	Low	
	(KZT)	*(KZT)*	*Shares*
2004			
First Quarter	11,505.00	6,993.88	577
Second Quarter	—	—	—
Third Quarter	—	—	—
Fourth Quarter	12,000	12,000	3
2005			
First Quarter	—	—	—
Second Quarter	12,900	12,900	3
Third Quarter	10,933.75	10,933.75	468.75
Fourth Quarter	17,000	12,500	8.94
2006			
First Quarter	39,000	38,250	65.95
Second Quarter	47,500	40,000	23.75
Third Quarter	42,000	22,000	40.36
Fourth Quarter	48,000	39,890	12
2007			
January	50,000	11,100	259.52
February	67,500	52,000	2.55
March	69,000	60,000	33.95
April	66,700	66,700	0.71
May	66,700	58,000	46.95
June (through 28 June)	66,700	63,064	157,616(1)

Source: KASE
Note:
(1) This average daily trading volume was substantially affected by the sale and purchase by SAFC of 1,927,500 of the Bank's common shares in June 2007 as described in "Principal Shareholders."

On 13 July 2007, the closing price of the Shares on the KASE was KZT 64,961.61 per Share.

DESCRIPTION OF SHARE CAPITAL AND CERTAIN REQUIREMENTS OF KAZAKHSTAN LEGISLATION

Share Capital

As at 31 March 2007, the Bank had issued and outstanding 7,424,222 common shares with no nominal value, all of which were fully paid, and 400,000 Preference Shares, of which 50,000 have a nominal value of KZT 10,000 each and 350,000 have a nominal value of KZT 12,450 each, all of which were fully paid. The Bank's authorised share capital consisted of 14,337,500 shares, of which 11,537,500 were common shares and 2,800,000 were Preference Shares.

The holders of the Bank's common and Preference Shares can decide at a general meeting to convert the Preference Shares into common shares.

All shares are in registered form in the share register of the Bank, maintained by an independent third party registrar. The registrar is JSC "Reestr" and its address is Panfilova str. 158/43 Almaty, Republic of Kazakhstan. Ownership of the shares is evidenced by an extract from the share register of the Bank.

Share Capital History

As at 31 December 2004, the Bank's share capital consisted of 1,461,871 issued and fully paid common shares and 50,000 Preference Shares. During 2005, the Bank placed 991,799 common shares (including 12,955 shares which it had previously repurchased), bringing its share capital to 2,440,715 issued and fully paid common shares and 50,000 Preference Shares. During three separate placings on 29 September 2006, 2 November 2006 and 29 December 2006, the Bank issued a total of 3,560,093 common shares to its shareholders in proportion to their holdings, including 2,283,064 common shares issued to SAFC. The Bank also issued 350,000 Preference Shares during 2006. This brought the Bank's share capital to 6,000,808 issued and fully paid common shares and 400,000 Preference Shares as at 31 December 2006.

During the three months ended 31 March 2007, the Bank issued 1,423,414 common shares to its shareholders, including 1,020,900 common shares issued to SAFC. In April and May 2007, the Bank issued an additional 2,213,278 common shares to its shareholders, including 1,606,263 common shares issued to SAFC, bringing its total share capital to 9,637,500 issued and fully paid common shares and 400,000 Preference Shares as at the date of this Prospectus.

Summary of the Charter

The Charter of the Bank (the "Charter") provides that the Bank's principal objective is to earn profit through rendering banking servicing to individuals and legal entities, residents and non-residents of the Republic of Kazakhstan, to establish direct contacts with international financing institutions with the purpose of development of foreign economic relations and improvement of business cooperation with organisations of foreign countries. The Bank's objects are set out in full in Clauses 3 and 8 of the Charter.

Subject to the provisions of the JSC Law and the Charter and without prejudice to any rights attached to any existing Shares or class of shares, the Bank may issue common shares, Preference Shares and other securities convertible into common shares.

Subject to the provisions of the JSC Law and the Charter, the unissued and unplaced common shares of the Bank (whether forming part of the original or any increased capital) are at the disposal of the General Meeting of Shareholders and the Board of Directors, respectively.

Voting rights

Subject to any rights or restrictions attached to any class of shares by or in accordance with the Charter, on a show of hands, each holder of the common shares present in person or by proxy has one vote (save that any holder of Preference Share(s) shall not be entitled to vote except in limited circumstances). A minority shareholder (that is, a shareholder having less than 10 per cent. of the voting shares of the Bank) is permitted to join its votes with other shareholders on the terms and conditions to be set out in the agreement between the Bank and the registrar.

On a poll, every holder of common shares present in person or by proxy shall have one vote for each fully paid common share of which he is the holder. Holders of Preference Shares shall not be entitled to vote except in the circumstances set out below under "— *Rights of holders of Preference Shares*".

No resolution of Shareholders in writing shall be effective without a quorum (which is persons holding 50 per cent. or more of the voting share capital of the Bank) or, for a repeated meeting called in absence of the 50 per cent. quorum, persons holding 40 per cent. or more of the voting share capital of the Bank.

Dividends and other distributions

The JSC Law sets out the procedure for determining dividends that may be distributed by the Bank to its shareholders. Subject to the provisions of the JSC Law, the General Meeting of Shareholders may declare dividends on the Bank's common shares by simple majority vote. Under the JSC Law, the Bank may distribute dividends on its common shares annually or based on its quarterly or semi-annual results (subject to all JSC Law requirements thereof).

The JSC Law prohibits payment of dividends if a company's "equity capital" is negative or would become negative as a result of such payment or if the Bank is insolvent under Kazakhstan bankruptcy legislation or would be so as a result of such payment. No dividend may be paid on any common share unless all outstanding dividends declared on the Preference Shares have been paid in full.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Bank's shares will, under the JSC Law, be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

For details of dividends on Preference Shares, see "— *Rights of holders of Preference Shares*" below.

Variation of rights

Under the JSC Law, the rights of holders of common and preference shares may be extended by a company's charter (although the Charter does not extend such rights), but these rights cannot be restricted.

Rights of holders of Preference Shares

A Preference Share gives to its holder the right to:

(a) a fixed annual dividend of not less than KZT 1,000 per Preference Share, provided always that it shall be not less than the dividend paid on common shares in the same period; and

(b) participate in the Bank's assets on a winding up after satisfaction of claims of the Bank's creditors. The holders of the Preference Shares will receive payment of that entitlement prior to the holders of common shares and after the satisfaction of the Bank's obligations to buy back it shares.

A Preference Share does not give its holder the right to vote at a General Meeting of Shareholders, except:

(a) at a General Meeting of Shareholders that considers any issue where the decision may lead to the limitation of the rights of holders of Preference Shares. Decisions on such issues may be taken only if approved by holders of not less than two-thirds of the issued Preference Shares;

(b) at a General Meeting of Shareholders that reviews a question about the reorganisation of the Bank or its winding up; and

(c) if the relevant dividend on a Preference Share is not paid in full within three months from the date stipulated for its payment, this right to vote shall continue until all dividends that have accrued and are payable to the relevant Preference Share holder is paid.

Each holder of Preference Shares that has the right to vote at a General Meeting of Shareholders and is present thereat in person or through his representative shall have one vote for each Preference Share held.

Transfer of Shares

To transfer a share on the over-the-counter market, the holder (or its representative) must sign a written order and submit it to the registrar or its nominee for execution, or give suitable electronic instructions as permitted by legislation. The other party to the transaction or its nominee will execute a buy order by pairing it with a sell order. Transfer of shares on the organised securities market must be done in accordance with the rules of such market.

All dealings in the shares must be registered by way of making entries on the personal accounts in the registry system or the nominee's books. Legal title to a share vests from the moment when the transaction is so registered (unless each party to the transaction has a different nominee, in which case legal title arises from the moment when the transaction is registered in the personal accounts of each nominee in the KCD).

An extract from the personal account of a shareholder in the registry system or a nominee's books is evidence of that holder's legal right to a share.

A registrar or its nominee can refuse to register a transfer of shares if the documents submitted do not conform to legislative requirements and its internal requirements. If the person to whom the shares are to be transferred will own 10 per cent. or more of the Bank's ordinary shares following the transfer, the transferee must seek the consent of the FMSA to become a major shareholder or bank holding company. If such consent is not received, the registrar or its nominee can refuse to register the transfer.

In addition, the FMSA has the right (by notifying the relevant issuer, the registrar and the KCD) to suspend trading in securities listed on KASE by blocking all or certain personal accounts in the registry or nominee systems if legal requirements establishing (i) the rights and interests of investors when acquiring securities or (ii) the terms and procedures for trading securities have been violated.

A fee will ordinarily be payable to the registrar or nominee for registering the transfer, under contractual terms.

Authority to issue shares

Under the JSC Law, the Board of Directors may allot shares by a board resolution. Any decision must state the number and the price of the shares, the manner of subscription and qualification requirements to investors.

Alteration of share capital

The Bank may from time to time by a three quarters majority vote of holders of the voting share capital of the Bank at a General Meeting of Shareholders (but by no other method) increase its authorised share capital. The Board of Directors may issue and place the shares within the permitted authorised number of shares.

Unpaid and bought-back shares

The JSC Law states that, until a share is paid in full, the Bank must not instruct the share to be credited to the personal account of the would be acquirer. Instead, the share will be credited to the personal account of the Bank itself (an "issuance account") with the registrar. Therefore, a common share cannot be placed unless it is fully paid up.

Shares which have been bought back by the Bank are credited to another special account of the Bank (a "reissuance account") with the registrar.

No dividends accrue or are payable on unplaced shares or shares bought back by the Bank, such shares are not counted for the purposes of determining a quorum, and such shares do not carry the right to vote.

Purchase of own shares

Subject to the JSC Law and without prejudice to any relevant special rights attached to any class of shares, the Bank may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par) using a valuation methodology which has been approved in advance by a General Meeting of Shareholders. Any such purchase must be effected with the consent of the relevant shareholder. Shares purchased by the Bank will be credited to the Bank's account with the registrar.

The Bank cannot purchase any of its shares which are being placed in a primary offering, and cannot purchase its own shares before the confirmation by the FMSA of the results of the placement of shares.

Subject to the JSC Law, a shareholder may request the Bank to buy back shares belonging to the shareholder, which the Bank must do within 30 days of receipt by it from the shareholder of a duly formalised request.

Shares being bought back by the Bank cannot exceed 25 per cent. of the total number of issued shares of the Bank, and the purchase price cannot exceed 10 per cent. of the size of the Bank's own capital.

Pre-emption rights

Under the JSC Law, a shareholder of the Bank has a pre-emptive right to acquire any newly placed shares of the Bank (including newly issued shares or shares previously bought back). Accordingly, holders of shares have pre-emptive rights on newly issued common shares or securities convertible into shares and holders of Preference Shares have pre-emptive rights on newly issued Preference Shares.

Within 10 days from the date upon which the Bank takes a decision to issue new shares, it must make an offer to each existing shareholder (either by written notification or by way of publication in the mass media) to acquire the new shares pro rata to its shareholding at the placement price established by the Bank in the decision. Each shareholder then has 30 days from the date of such notification or publication to submit an application to acquire such shares (i.e., to exercise its pre-emptive right). Upon the expiry of such period, the right to submit such application will lapse.

The FMSA has in the past taken the position that persons not holding shares and therefore not disclosed in the register of the KCD, such as holders of GDRs, are not entitled to the pre-emptive rights attaching to the underlying shares. Although the FMSA currently takes the position that holders of GDRs are entitled to such rights (and although there is nothing in current Kazakhstan legislation that would prevent GDR holders from exercising the pre-emptive rights that are attached to the underlying shares), there is no guarantee that the FMSA will not reverse this position in the future. See *"Risk Factors — Risk Factors Relating to the Shares and the GDRs —There are restrictions and prohibitions under Kazakhstan law on the exercise of shareholders' rights (including voting rights) with respect to the GDRs and the ownership of the shares"*.

General meetings

The Board of Directors must convene and the Bank must hold extraordinary general meetings of shareholders and annual general meetings of shareholders in accordance with the requirements of the JSC Law. The Board of Directors may call extraordinary general meetings of shareholders at such times as it determines. In addition, an extraordinary general meeting should be convened by the Board of Directors on the written request of any holder of shares representing not less than 10 per cent. of the issued shares.

Shareholders are entitled to receive not less than 30 (45 in the event of a meeting in absence pursuant to the absentee voting procedure) days' notice of the holding of any general meeting.

The General Meeting of Shareholders shall have exclusive competence to determine certain matters, including, but not limited to, the following:

(a) the introduction of amendments and supplements to, or the approval of new versions of, the Charter;

(b) the voluntary reorganisation or winding up of the Bank, including any change in the Bank's status as a Kazakhstan joint stock company;

(c) any increase in the amount of authorised shares of the Bank or any change in the class of any authorised shares of the Bank which have not been placed;

(d) the determination of the scope and the expiry dates of the powers of the Board of Directors, the selection of members of the Board of Directors and early termination of their powers, as well as determination of the amount and payment terms of remuneration to members of the Board of Directors;

(e) the appointment of an auditor for the Bank;

(f) approval of annual financial statements and amount of annual dividend paid on shares, if any;

(g) determination of conditions and procedure for converting the Bank's securities or amending the rights attached to such securities; and

(h) if such decision may not be taken by the Board of Directors, decisions for the Bank to conclude any transaction by the Bank with any affiliate of the Bank.

Matters referred to in paragraphs (a) to (c) above shall require the approval by a qualified majority of Shareholders.

The General Meeting of Shareholders has a right to cancel any decision made by any other management body of the Bank on issues related to the internal organisation of the Bank.

Directors

The Board of Directors must comprise no fewer than three persons, of which no fewer than one third should be independent directors. Directors are appointed by Shareholders by way of cumulative voting (whereby each Shareholder has a right to give the votes owned by such Shareholder completely to one candidate or to be distributed among several candidates to the Board of Directors). Candidates receiving a majority of votes are appointed to the Board of Directors. If two or more candidates gain an equal number of votes then an additional election is carried out with regard to such candidates.

The quorum required for a duly convened meeting of the Board of Directors shall comprise not less than half of the members of the Board of Directors. Each member of the Board of Directors has one vote. Decisions of the Board of Directors are made by simple majority of votes of the members present at the meeting.

A General Meeting of Shareholders has a right to terminate early the powers of all or any members of the Board of Directors and to remove any member of the Board of Directors from office.

The Board of Directors shall have exclusive competence to determine certain matters including the following:

- the allotment of shares, including the price, number and the manner of subscription of the shares to be placed and qualification requirements for investors;

- the powers of the Management Board, the selection of the Chairman of the Management Board and members of the Management Board, and early termination of their powers;

- the remuneration and bonuses to be paid to the members of the Management Board;

- any agreements concerning major transactions of the Bank (being a transaction or combination of interrelated transactions which result or may result in the purchase or disposal by the Bank of assets representing 25 per cent. or more of the total value of the Bank's assets), transactions resulting in an increase of the Bank's liabilities by an amount equal to or exceeding 10 per cent. of the Bank's net worth, related party transactions and acquisitions of 10 per cent. or more of the voting shares of other legal entities;

- the establishment of the general terms and conditions of the Bank's operations and approval of certain internal regulations; and

- the establishment of the Bank's strategic plan, annual operation plan, annual budget, business plan and investment plan.

Remuneration of Directors

The remuneration of Directors shall be determined by the General Meeting of Shareholders. The Chairman of the Board of Directors should inform shareholders of the amount and composition of remuneration of Directors and the members of the Management Board of the Bank.

Permitted interests of Directors

A Director cannot participate in discussions or voting on any transaction between the Bank and:

- himself or any connected persons;
- any legal entity in which s/he or any connected persons has a material interest in, or is otherwise affiliated with; or
- any legal entity in which s/he or any connected persons is a Director or Manager.

Disclosure of beneficial ownership

A list of shareholders that have the right to participate in a meeting of Shareholders and vote at the meeting will be prepared by the Bank's registrar on the basis of information recorded in the register of shareholders of the Bank. Any shareholder holding shares through a nominee and whose identity is not disclosed to the KCD shall not be entitled to vote at a meeting of shareholders. Holders of the GDRs will be able to exercise their voting rights in accordance with and subject to the limitations set out in Condition 12 (Voting of Shares) of the "Terms and Conditions of the GDRs". These GDR holders will also be able to exchange GDRs for common shares.

Ownership of the shares is also subject to certain legislative restrictions under Kazakhstan law. Specifically, (a) legal entities registered in certain specified offshore jurisdictions such as Andorra, Liechtenstein, Liberia, Monaco and the Marshall Islands or which have affiliates registered in such jurisdictions (except for international banks having a credit rating of "A" or above from certain rating agencies) or (b) natural persons who are participants or shareholders in such legal entities, may not directly or indirectly own voting Shares in the capital of the Bank. Accordingly, holders of the GDRs falling under (a) or (b) above are not entitled to vote, through the Depositary or otherwise, at meetings of Shareholders, cannot exchange the GDRs into shares and cannot own, hold or dispose of the Shares.

Although the Bank has been advised that such restrictions should not prevent a GDR holder registered in any such jurisdiction (or which has an affiliate registered in such jurisdiction) from exercising or benefiting from other rights (including the right to receive dividends and to have the Depositary exercise pre-emptive rights on their behalf such that holders can receive additional GDRs) there is no guarantee that the FMSA or any other relevant authority such as a Kazakhstan court will not take a different view thereby restricting all such GDR holders from exercising or benefiting from such shareholder rights. Moreover, there can be no assurance that the FSMA or any other relevant authority would not interpret the foregoing legislation as restricting such entities or persons from owning the GDRs. In addition, any natural person or legal entity becoming a "major shareholder" or, for legal entities, a "bank holding" company in relation to the Bank should obtain prior written permission of the FMSA. A major shareholder or bank holding company means a person directly or indirectly owning or voting 10 or 25 per cent. respectively, of the voting shares or can otherwise influence the decisions of the Bank on the basis of an agreement or otherwise as set out by FMSA regulations.

In addition, any person acquiring 10 per cent. or more of the voting shares of the Bank is considered an affiliate of the Bank and must disclose its identity to the Bank. Information about the identity of an affiliate is public information.

Mandatory Offers

Under the JSC Law a person either alone or jointly with its affiliated persons proposing to acquire 30 per cent. or more of the Shares is required to make an offer to the remaining shareholders to buy out their Shares at less than the market price. Any failure by the acquiror to make such an offer would result in the acquirer being obligated to reduce its shareholding to below 29 per cent.

Related party transactions

Related party transactions should be approved by the majority of non-interested members of the Board of Directors or, if all Directors are interested, by the decision of a meeting of shareholders made by the majority of non-interested shareholders or by simple majority vote if all shareholders are interested.

TAXATION

The following summary of material Kazakhstan, United Kingdom and U.S. federal income tax consequences of ownership of Shares and GDRs is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Shares and holders of GDRs. This summary does not purport to be legal advice or opinion or to address all tax aspects that may be relevant to a holder of Shares or GDRs. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of Shares or GDRs, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as at the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

The Republic of Kazakhstan

The following summary of certain Kazakhstan taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Shares or GDRs, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with Kazakhstan other than a holding of Shares or GDRs. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Shares or GDRs, including their eligibility for the benefits of double tax treaties, under the laws of their country of citizenship, residence, domicile or incorporation, and seek specialist Kazakhstan tax advice as necessary.

This summary discusses the Kazakhstan tax consequences of the acquisition, ownership and disposal of Shares and GDRs. In general, Kazakhstan tax legislation with respect to the taxation of securities and financial instruments is not well developed, and in many cases the exact scope of Kazakhstan tax, compliance rules and enforcement mechanism is unclear or open to different interpretations.

The only tax that may under certain circumstances apply in Kazakhstan to the above transactions is income tax. No other taxes or duties should be levied in Kazakhstan with respect to the above transactions. For all relevant purposes of this summary, except as noted below (e.g., in relation to treaty relief in respect of dividends), legal entities and individuals are subject to similar income tax treatment.

Tax residence

Non-resident persons will not become resident in Kazakhstan for Kazakhstan tax purposes by reason only of the acquisition, ownership or disposal of Shares or GDRs. Therefore, under Kazakhstan tax law, legal owners of Shares ("Shareholders") and holders of GDRs ("GDR Holders") should only be taxed on their income earned from sources in Kazakhstan, rather than their worldwide income.

This summary assumes that all Shareholders, GDR Holders and the issuer of the GDRs are not resident in Kazakhstan for tax purposes.

Exempt disposals of Shares

Since the Shares are admitted to Category "A" of the Official List of the KASE, all disposals and acquisitions of the Shares are exempt from any tax payment, reporting or compliance requirements in Kazakhstan. The tax treatment of all disposals that do not qualify for such an exemption is discussed below. In addition, such exemption also applies to income received by natural persons from sales of shares on the special trade platform of the regional financial centre of Almaty City, provided that such shares are admitted to that platform.

Taxable disposals of Shares

This discussion applies only to disposals that are not exempt as described above.

Treatment of acquirer

Non-resident buyers or other transferees (including recipients of gift or inheritance) of Shares are not subject to Kazakhstan income tax on acquisition.

Under Kazakhstan tax law, buyers of Shares must notify the relevant Kazakhstan tax authorities regarding the identity of the seller and the purchase price paid on acquisition within 10 working days of the settlement taking place. Investors should note that there is currently no enforcement mechanism or sanction for non compliance with this notification requirement. Moreover, it is unclear how this requirement can technically be complied with in respect of acquisitions made on a stock exchange, where specific sellers are not readily identifiable. According to information available to the Bank, the Kazakhstan tax authorities are currently formulating new rules and procedures that should narrow the scope and establish an enforcement mechanism for this requirement.

Treatment of transferor

Income earned by Shareholders from the disposal of Shares is considered to be Kazakhstan source income. Therefore, as a general rule, the net gain realised from such a disposal is subject to income tax in Kazakhstan at the rate of 20 per cent. Disposals include sales, exchanges and gifts.

Shareholders should register with the Kazakhstan tax authorities within 30 working days from the date when the relevant income is earned. Although the relevant Kazakhstan tax law does not stipulate in which particular tax office such Shareholders have to register, the context appears to suggest that the registration should be carried out with the tax authority where the Bank is registered.

Shareholders have to report their income earned on a disposal of Shares to the Kazakhstan tax authority where the Bank is registered by 31 March of the year following the tax year in which such income is earned. The associated tax liability should be paid in full within 10 working days of the reporting deadline.

Eligible residents of certain countries may be exempt from Kazakhstan income tax on disposals of Shares under applicable double taxation agreements. In such case, no tax registration or compliance requirements should arise.

Taxation of dividends

Dividends paid on Shares constitute Kazakhstan source income for Shareholders and are subject to withholding tax at the rate of 15 per cent. The withholding tax is applied to the gross amount of dividends without allowance for any deductions and satisfies all Kazakhstan income tax obligations with respect to dividends. Neither Shareholders nor GDR Holders should be subject to any other tax reporting, payment, registration or compliance requirements with respect to dividends paid on the Shares.

Beneficial owners of dividends who are resident in countries with which Kazakhstan has double taxation treaties may be entitled to a reduced rate of withholding tax. Investors should note that for treaty purposes the respective GDR Holders, rather than the issuer of the GDRs, may well be considered to be the beneficial owners of dividends paid with respect to Shares represented by GDRs. However, to date the Bank is not aware of any practical experience in Kazakhstan in relation to this question and so the issue, and its consequences for double taxation relief, are not determinable with certainty at present, though the maximum Kazakhstan tax withheld should, in any case, not exceed 15 per cent.

Subject to the above, depending on the country of residence and satisfaction of certain other conditions, the dividend withholding tax rates under Kazakhstan's double tax treaties in effect as of the date of this Prospectus may be between 5 per cent. and 15 per cent. Under double tax treaties effective on the date of this Prospectus, reductions below 10 per cent. may only be available to beneficial owners that are legal entities.

In order to avail themselves of this relief, eligible beneficial owners of dividends have to provide the Bank with a document issued by the tax authority of their country of residence confirming their tax residence in a treaty jurisdiction. In addition, beneficial owners who are not the immediate recipients of dividends from the Bank (including GDR Holders) will need to provide the Bank with documentary proof of their beneficial ownership. On the basis of the above documents, the Bank may be entitled to withhold tax at an applicable reduced rate established by a relevant treaty, subject as provided in the Deposit Agreement.

If the above documents are not made available to the Bank prior to the date of payment of dividends, then the Bank should apply withholding tax at a standard 15 per cent. rate and account for the withheld amounts to the relevant authority. In theory, beneficial owners who are eligible for a lower withholding tax rate should later be able to claim a refund of overpaid tax from the Government. In practice, however, this process may prove to be administratively burdensome due to the unclear procedure involved and a general reluctance of the Kazakhstan authorities to grant refunds.

Taxation of GDR Holders

Since Kazakhstan domestic tax law does not contain the concept of constructive or beneficial ownership, income earned by GDR Holders, including (i) income received on disposals of GDRs, and (ii) premiums received by GDR Holders (associated with dividends announced with respect to Shares represented by such GDRs), appears to be outside the scope of Kazakhstan income tax.

There is some risk, however, that the Kazakhstan tax authorities may take into account economic similarities between GDR Holders and Shareholders and attempt to subject GDR Holders to tax as constructive owners of Shares.

In addition, effective from 1 January 2006, Kazakhstan tax law defines all income which may be taxed in Kazakhstan under applicable double tax treaties as income from a Kazakhstan source. Since certain double tax treaties entitle Kazakhstan to tax the above mentioned categories of income, GDR Holders resident in certain countries may be subject to tax on such income. It remains to be seen whether this newly introduced provision will be applied to increase the tax burden of treaty country residents, as compared to other non-resident persons.

Due to the lack of existing precedent or practice, the Bank is unable to assess the likelihood of such challenge by the tax authorities or probability of its success, either with respect to treaty country residents or any other non-resident GDR Holders.

If income earned by GDR Holders is subject to Kazakhstan taxation (either by successful challenge of the tax authorities or by application of a double tax treaty), then:

- income earned on disposals of GDRs may be subject to tax in the same manner as income from a disposal of Shares as described above; and

- GDR Holders may be considered as taxpayers for dividend withholding tax purposes. In this case, the tax withheld by the Bank on a distribution should be considered as a payment in full satisfaction of the GDR Holders' dividend withholding tax liability. Premiums received by GDR Holders in relation to dividends that have already been taxed in Kazakhstan should not be subject to any further tax or compliance requirements in Kazakhstan.

United Kingdom

The comments below are of a general nature and are based on current United Kingdom ("UK") law and published HM Revenue & Customs practice at the date of this Prospectus, and are subject to any change in UK law and published HM Revenue & Customs practice that may take effect after such date (possibly with retrospective effect). Except as otherwise stated, this summary only discusses certain UK tax consequences of holding the Shares or the GDRs for the absolute beneficial owners of the Shares or the GDRs (1) who are resident or ordinarily resident in the UK for tax purposes; (2) who are not resident for tax purposes in any other jurisdiction, including Kazakhstan; and (3) who do not have a permanent establishment or fixed base in Kazakhstan with which the holding of the Shares or the GDRs is connected ("UK holders"). In addition, the summary (1) only addresses the tax consequences for UK holders who hold the Shares and the GDRs as capital assets and who acquire the Shares or GDRs as initial investors in the offering, and does not address the tax consequences which may be relevant to certain other categories of UK holders, for example, dealers in securities, broker dealers, insurance companies, investment companies or other special classes of investor; (2) assumes that the UK holder does not either directly or indirectly alone control more than 5 per cent. or, together with connected or associated persons, control 10 per cent. or more of the voting power of the company; (3) assumes that a holder of the GDRs is beneficially entitled to the underlying Shares and to the dividends on those Shares; and (4) assumes that the Depositary is a body corporate not incorporated in the UK and that there is no register, and there will continue to be no register, in the UK in respect of the Shares or the GDRs. Further, the summary is not intended to apply to investors who hold Shares or GDRs as part of hedging or conversion transactions, who have acquired their Shares or GDRs by virtue of an office or employment or who hold the Shares or GDRs in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency, in the case of a corporate investor, a permanent establishment or otherwise.

The following is intended only as a general guide, is not exhaustive and is not intended to be, nor should it be considered to be, legal or tax advice to any particular UK holder. Accordingly, potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under UK law and HM Revenue & Customs practice, of the acquisition, ownership and disposal of the Shares or the GDRs in their own particular circumstances, by consulting their own tax advisers.

Withholding tax

Assuming that the income received under the GDRs does not have a United Kingdom source, there should be no United Kingdom withholding tax on payment of any such income. Dividend payments in respect of the Shares will not be subject to UK withholding tax.

Taxation of dividends

A holder who is resident in the United Kingdom for tax purposes or who is carrying on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment that receives a dividend on the Shares or the GDRs may be subject to UK income tax or corporation tax as the case may be, on the gross amount of any dividend paid before the deduction of any Kazakhstan withholding taxes, subject to the availability of any credit for Kazakhstan tax withheld. A UK holder who is an individual resident and domiciled in the United Kingdom will generally be subject to UK income tax on the dividend paid on the Shares or the GDRs. A UK holder who is an individual resident but not domiciled in the United Kingdom, or a Commonwealth citizen or citizen of the Republic of Ireland who is resident, but not ordinarily resident, in the United Kingdom, will generally be subject to UK income tax on the dividend paid on the Shares or the GDRs to the extent that the dividend is remitted, or treated as remitted, to the UK ("the remittance basis"). This concept is interpreted broadly and is extended further under certain anti-avoidance legislation. A corporate UK holder will generally be subject to UK corporation tax on the dividend paid on the Shares or the GDRs. A corporate holder of the Shares or the GDRs that is not resident in the United Kingdom will generally be subject to UK corporation tax on the dividend paid on the Shares or the GDRs where the Shares or the GDRs in question are attributable to a trade carried on by the holder in the United Kingdom through a permanent establishment.

A UK holder should generally be entitled to a credit for any Kazakhstan tax properly withheld from such dividend payments against such holder's liability to income tax or corporation tax on such amounts, subject to UK tax rules for calculation of such a credit.

Taxation of disposals

The disposal or deemed disposal by a UK holder of interests in the Shares or the GDRs may give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains, depending on the UK holder's particular circumstances and subject to any exemption or relief. A UK holder who is an individual and domiciled in the UK will generally be liable to UK capital gains tax on chargeable gains made on the disposal of an interest in the Shares or the GDRs. A UK holder who is an individual but not domiciled in the UK will generally be liable to UK capital gains tax to the extent that the chargeable gains made on the disposal of an interest in the Shares or the GDRs are remitted or treated as remitted to the UK. In particular, dealings in the GDRs on the LSE may give rise to remitted profits that would, therefore, give rise to UK capital gains tax liability. A holder of Shares or GDRs who is not resident or ordinarily resident in the UK for tax purposes but who carries on a trade in the United Kingdom through a branch, agency or permanent establishment to which the Shares or GDRs are attributable may be subject to the same rules for the purposes of UK taxation on chargeable gains as apply to UK holders.

An individual holder of the Shares or the GDRs who ceases to be resident or ordinarily resident in the UK for UK tax purposes for a period of less than five years (or a shorter period under certain double tax treaties where applicable) and who disposes of such Shares or GDRs during that period may also be liable on returning to the UK for UK tax on capital gains despite the fact that the individual may not be resident or ordinarily resident in the UK for UK tax purposes at the time of the disposal.

It should be noted that the UK Finance (No. 2) Act 2005 contains provisions to deal with individuals who are resident or ordinarily resident in the UK but fail to be regarded as resident in a territory outside the UK for the purposes of double taxation relief arrangements.

A corporate UK holder will generally be subject to UK corporation tax on any chargeable gain arising from a disposal of the Shares or the GDRs.

Inheritance tax

UK inheritance tax may (subject to certain exemptions and reliefs) be chargeable on the death of, or in certain circumstance on a gift by, the owner of Shares or GDRs, where either (i) the owner is an individual who is domiciled or is deemed to be domiciled in the UK; or (ii) the Shares or GDRs are situated in the UK at the time of death or gift. For inheritance tax purposes, a transfer of assets at less that full market value may be treated as a gift and particular rates apply to gifts where the donor reserves or retains some benefit. Registered Shares are situated where they are registered, which is generally the place where the share register is maintained and where transfers of the shares can be legally executed. As there is no register in the United Kingdom in respect of the Shares or GDRs, the Shares and GDRs will not have a UK sites and hence will be excluded from the estate of non-UK domiciled holders for UK inheritance tax purposes.

Anti-avoidance

The attention of individual holders of Shares or GDRs who are ordinarily resident in the UK is drawn to the provisions of sections 714 to 751 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the company on an annual basis.

More generally, the attention of holders of Shares or GDRs is also drawn to the provisions of sections 682 to 713 of the Income Tax Act 2007 which give powers to the United Kingdom HM Revenue & Customs to cancel tax advantages derived from certain transactions in securities.

Stamp duty and stamp duty reserve tax

No *ad valorem* United Kingdom stamp duty should be payable in connection with a transfer of Shares executed and retained outside the UK, provided that the instrument of transfer is executed and retained outside the United Kingdom, the shareholder register is not held or maintained in the United Kingdom and there is no other matter or thing done or to be done in the United Kingdom.

As the GDRs relate to stock expressed in a currency other than sterling, no “bearer instrument” stamp duty should be payable on either the issue of GDRs or any transfer of stock transferable by means of the GDRs.

On the basis that the Shares and the GDRs are not issued by bodies corporate incorporated in the UK, are not registered in a register kept in the UK and are not paired with shares issued by a company incorporated in the UK, no stamp duty reserve tax should be payable in respect of any agreement to transfer Shares or GDRs and no stamp duty reserve tax or ad valorem stamp duty should arise in the UK in respect of (i) the issue of the GDRs; (ii) the delivery of the GDRs into a clearance service; or (iii) any dealings in the GDRs once they are issued into the clearance service.

United States

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE BANK IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE BANK OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares or GDRs by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Shares or GDRs in the Global Offer that are U.S. Holders and that will hold the Shares or GDRs as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Shares or GDRs by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Bank or who hold the Shares or GDRs in connection with a permanent establishment in Kazakhstan, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Shares or GDRs as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. Dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of GDRs or Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds GDRs or Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of GDRs or Shares by the partnership.

The summary assumes that the Bank is not a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes and it does not currently expect to become a PFIC, which the Bank believes to be the case. The Bank's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Bank were to be a PFIC in any year, materially adverse consequences could result for U.S. Holders. See " — *Passive Foreign Investment Company Considerations*" below.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Kazakhstan (the "Treaty"), all as currently in effect and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE GDRs AND SHARES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Holders of GDRs

For U.S. federal income tax purposes, a U.S. Holder of GDRs will be treated as the owner of the corresponding number of Shares held by the Depositary, and references herein to Shares refer also to GDRs representing the Shares.

Dividends

General. Subject to the PFIC rules discussed below, distributions paid by the Bank out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Kazakhstan withholding tax paid by the Bank with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Shares and thereafter as capital gain. However, the Bank does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Bank with respect to Shares will constitute ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Bank.

For taxable years that begin before 2011, dividends paid by the Bank will be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to capital gains, provided the Bank qualifies for the benefits of the Treaty. The Bank expects to qualify for the benefits of the Treaty, so long as its shares are traded in sufficient volume on the Kazakhstan stock exchange. A U.S. Holder will be eligible for this reduced rate only if it has held the Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and certain other eligibility requirements are met. A U.S. Holder will not be able to claim the reduced rate for any year in which the Bank is treated as a PFIC or in the year following any year in which the Bank was treated as a PFIC. See "— *Passive Foreign Investment Company Considerations*" below.

Foreign Currency Dividends. Dividends paid in Tenge will be included in income in a U.S. Dollar amount calculated by reference to the exchange rate in effect on receipt, which, in the case of GDRs, is the date received by the Depositary, regardless of whether the Tenge are converted into U.S. Dollars at that time. If dividends received in Tenge are converted into U.S. Dollars on the day they are received by the Depositary, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. Gain or loss realised on a subsequent conversion of Tenge to U.S. Dollars or other disposition will generally be treated as U.S. source ordinary income or loss.

Effect of Kazakhstan Withholding Taxes. As discussed in this section, under current domestic Kazakhstan law, payments of dividends by the Bank to foreign investors are subject to a 15 per cent. Kazakhstan withholding tax. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Kazakhstan taxes withheld by the Bank, and as then having paid over the withheld taxes to the Kazakhstan taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Bank with respect to the payment.

A U.S. Holder will generally be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Kazakhstan income taxes withheld by the Bank. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two "baskets", and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Dividends paid by the Bank generally will constitute foreign source income in the "passive income" basket. If a U.S. Holder receives a dividend from the Bank that qualifies for the reduced rate described above under "*Dividends — General*", the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend if the U.S. Holder has not held the Shares for at least 16 days in the 31-day period beginning 15 days before the ex-dividend date.

U.S. Holders that are accrual basis taxpayers, and who do not otherwise elect, must translate Kazakhstan taxes into U.S. Dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all U.S. Holders must translate taxable dividend income into U.S. Dollars at the spot rate on the date received. This difference in exchange rates may reduce the U.S. Dollar value of the credits for Kazakhstan taxes relative to the U.S. Holder's U.S. federal income tax liability attributable to a dividend. However, cash basis and electing accrual basis U.S. Holders may translate Kazakhstan taxes into U.S. Dollars using the exchange rate in effect on the day the taxes were paid. Any such election by an accrual basis U.S. Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of Kazakhstan taxes and of receiving a dividend from the Bank that is eligible for the special reduced rate described above.

Exchange of GDRs for Shares

No gain or loss will be recognised upon the exchange of GDRs for the U.S. Holder's proportionate interest in Shares. A U.S. Holder's tax basis in the withdrawn Shares will be the same as the U.S. Holder's tax basis in the GDRs surrendered, and the holding period of the Shares will include the holding period of the GDRs.

Sale or other Disposition

Subject to the PFIC rules discussed below, upon a sale or other disposition of GDRs (other than an exchange of GDRs for Shares) or Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the GDRs or Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Shares or GDRs exceeds one year. However, regardless of a U.S. Holder's actual holding period, any loss may be a long-term capital loss to the extent the U.S. Holder receives a dividend that qualifies for the reduced rate described above under "*Dividends — General*", and exceeds 10 per cent. of the U.S. Holder's basis in the Shares or GDRs. Any gain or loss will generally be U.S. source. Therefore, if Kazakhstan taxes gain on disposition of Shares or GDRs on a U.S. Holder that cannot claim an exemption under the Treaty, the U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any Kazakhstan withholding tax imposed on a sale or disposition. Deductions for capital losses are subject to limitations.

A U.S. Holder's tax basis in a Share or GDR will generally be its U.S. Dollar cost. The U.S. Dollar cost of a Share or GDR purchased with foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Shares traded on an established securities market, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

The amount realised on a sale or other disposition of Shares or GDRs for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. Dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of a Share or GDR will have a tax basis equal to its U.S. Dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Shares or upon exchange for U.S. Dollars) will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least

75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Bank does not believe that it should be treated as a PFIC and it does not currently expect to become a PFIC. Although interest income is generally passive income, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. The Bank believes that it currently meets these requirements. The Bank's possible status as a PFIC must be determined annually, however, and may be subject to change if the Bank fails to qualify under this special rule for any year in which a U.S. Holder holds Shares or GDRs. If the Bank were to be treated as a PFIC in any year, U.S. Holders would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Shares or GDRs at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Bank would not be eligible for the special reduced rate of tax for qualified dividend income described above under "Dividends — General". Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

Backup withholding tax and information reporting requirements

Payments of dividends and other proceeds with respect to the Shares or the GDRs by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Any backup withholding tax will be refunded or allowed as a credit against the U.S. Holder's U.S. federal income tax liability if the U.S. Holder gives the appropriate information to the IRS. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

DETAILS OF THE GLOBAL OFFER

Summary of the Global Offer

The Selling Shareholder is offering 50,283,000 GDRs at an Offer Price of U.S.$14.00 per GDR (assuming no Over-Allotment GDRs are offered). If the Underwriters allot the Over-Allotment GDRs in full and do not exercise the Over-Allotment Put Option, the Selling Shareholder will be offering in aggregate 1,927,500 Shares represented by 57,825,000 GDRs.

The Global Offer is being made to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States, in reliance on Regulation S, and to QIBs in the United States in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Certain restrictions that apply to the distribution of this Prospectus and GDRs are described below under " — *Selling and Transfer Restrictions*". Allocations of GDRs under the Global Offer will be determined by the Underwriters, following consultation with the Bank and the Selling Shareholder, after indications of interest from prospective investors have been received. Payment for allocations must be received by no later than noon on the date of Admission.

Pursuant to the Global Offer, the Selling Shareholder will receive an aggregate of U.S.$703,962,000 from the sale of the GDRs (assuming allotment in full of the Over-Allotment GDRs and that the Stabilisation Manager exercises the Over-Allotment Put Option in full); if the Underwriters allot the Over-Allotment GDRs in full and do not exercise the Over-Allotment Put Option, the Selling Shareholder will receive an aggregate of approximately U.S.$809,550,000 from the sale of the GDRs. The Selling Shareholder will pay underwriting commissions in respect of the GDRs and the Over-Allotment GDRs sold as well as certain fees and expenses totalling approximately U.S.$20 million in connection with the Global Offer.

The Global Offer is conditional on Admission becoming effective and on the Underwriting Agreement (the terms of which are summarised below) becoming unconditional and not having been terminated in accordance with their respective terms. If the Global Offer does not proceed, any monies received in respect of applications will be returned to applicants without interest.

Admission is expected to take place and unconditional dealings in the GDRs are expected to commence on the LSE on 20 July 2007. Prior to that time, it is expected that conditional dealings in the GDRs will commence on the LSE on the date of this Prospectus and that the earliest date for settlement of such dealings will be 20 July 2007. This date may be changed.

When admitted to trading, the GDRs will be issued with ISIN US0185312024 in respect of the Rule 144A GDRs and ISIN US0185311034 in respect of the Regulation S GDRs.

Over-allotment and Stabilisation

In connection with the Global Offer, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or any persons acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final price of the GDRs is made and, if begun, may be ended at any time, but it must end no later than 30 calendar days after the date of allotment of the GDRs.

In addition to over-allotment and stabilising transactions as described above, the Stabilisation Manager may engage in covering transactions and penalty bids. Covering transactions involve the purchase of securities in the open market after a distribution has been completed in order to cover short positions created by over-allotment. Penalty bids permit the Stabilisation Manager to reclaim a selling concession from a broker/dealer when the securities originally sold by such broker/dealer are purchased in a stabilising or covering transaction to cover short positions. Those stabilising transactions, covering transactions and penalty bids may cause the price of the GDRs to be higher than it would otherwise be in the absence of these transactions. These transactions if commenced, may be discontinued at any time.

In connection with the Global Offer, the Selling Shareholder is expected to sell 7,542,000 GDRs to the Stabilisation Manager for the purpose of making over-allotments and to conduct stabilisation activities in the GDRs. Under the proposed over-allotment structure, the Selling Shareholder will grant the Underwriters the Over-Allotment Put Option, exercisable for a period of up to 30 days from the commencement of dealings on the LSE in the GDRs to put back to the Selling Shareholder up to 7,542,000 GDRs which have been either sold to the Stabilisation Manager on or before the Closing Date and not allotted to purchasers by the Stabilisation Manager or otherwise purchased by the Stabilisation Manager as a result of such stabilisation activities.

Underwriting Agreement

The Bank, the Selling Shareholder and the Underwriters have entered into an underwriting agreement dated 17 July 2007 (the "Underwriting Agreement") with respect to the GDRs that are being sold by the Selling Shareholder. Subject to the satisfaction of certain conditions set out in the Underwriting Agreement, each Underwriter has agreed, severally but not jointly, to purchase or procure purchasers for and pay for such number of GDRs as is set forth opposite its name in the following table:

Name of Underwriter	Number of GDRs	Number of Over-allotment GDRs
Credit Suisse Securities (Europe) Limited	25,141,500	3,771,000
UBS Limited	25,141,500	3,771,000
Total	**50,283,000**	**7,542,000**

The GDRs will be represented by a Master Rule 144A GDR and a Master Regulation S GDR and will be subject to certain restrictions as further discussed in "*Terms and Conditions of the GDRs*", "*Summary of Provisions Relating to the GDRs while in Master Form*" and "*Selling and Transfer Restrictions*".

The offer price is U.S.$14.00 per GDR. The Underwriters will receive a combined management and underwriting commission in connection with the Global Offer.

The Bank has given the Underwriters customary representations and warranties under the Underwriting Agreement, including in relation to its business, the Shares and the GDRs and the contents of this Prospectus. The Selling Shareholder has given the Underwriters customary representations and warranties under the Underwriting Agreement, including in relation to its title to the Shares underlying the GDRs being sold by it in the Global Offer.

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent. In addition, the Underwriters may terminate the Underwriting Agreement in certain circumstances prior to the closing date of the Global Offer. If such right is exercised, the Global Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Global Offer will be returned to applicants without interest. The Bank and the Selling Shareholder have agreed in the Underwriting Agreement, subject to the terms thereof, to indemnify the Underwriters against certain liabilities in connection with the sale of the GDRs. In addition, the Selling Shareholder has agreed to reimburse the Underwriters for certain of their expenses.

Dealing Arrangements

It is expected that dealings in the GDRs will commence on a conditional basis on the LSE on 17 July 2007. Admission is expected to take place and unconditional dealings in the GDRs are expected to commence on the LSE on 20 July 2007. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a "when issued" basis. If the Global Offer does not become unconditional in all respects, all such dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

Lock-up Arrangements

The Bank has, pursuant to the Underwriting Agreement, undertaken that (other than as contemplated by the Underwriting Agreement) it will not, for a period of 180 days after the date of the Underwriting Agreement, without the prior written consent of the Underwriters, (i) issue, offer, sell, contract to sell, pledge, charge, grant options over or otherwise dispose of, directly or indirectly, any common shares in the capital of the Bank or global depositary receipts representing common shares in the capital of the Bank or securities convertible or exchangeable into or exercisable for any common shares in the capital of the Bank which it currently holds or subsequently acquires, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any common shares in the capital of the Bank or global depositary receipts representing common shares in the capital of the Bank nor to mandate any third party to do so, or announce the intention to do so. This undertaking does not apply to any disposal made by the Bank in accordance with the Underwriting Agreement.

The Selling Shareholder has, pursuant to the Underwriting Agreement, undertaken that (other than as contemplated by the Underwriting Agreement) it will not, for a period of 12 months after the date of the Underwriting Agreement, without the prior written consent of the Underwriters, (i) issue, offer, sell, contract to sell, pledge, charge, grant options over or otherwise dispose of, directly or indirectly, any common shares in the capital of the Bank or global depositary receipts representing common shares in the capital of the Bank or securities convertible or exchangeable into or exercisable for any common shares in the capital of the Bank which it currently holds or subsequently acquires, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any common shares in the capital of the Bank or global depositary receipts representing common shares in the capital of the Bank nor to mandate any third party to do so, or announce the intention to do so. Notwithstanding the foregoing, the Selling Shareholder may grant a pledge or a charge over all or a portion of the common shares in the capital of the Bank owned by the Selling Shareholder at the time of the pledge or charge, as the case may be, in favour of a bank or other financial institution solely for the purpose of obtaining a loan for the benefit of the Selling Shareholder or any of its affiliates so long as the beneficiary of the pledge or charge, as the case may be, agrees to comply with the restrictions described in this paragraph until the expiration of the period of 180 days after the date of the Underwriting Agreement.

Conditionality of the Global Offer

Subject to the respective obligations of the parties to the Underwriting Agreement, the offer to purchase the GDRs may be revoked or suspended at any time prior to Admission and if such revocation or suspension occurs, the Global Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Global Offer will be returned to the applicants without interest.

SELLING AND TRANSFER RESTRICTIONS

Selling Restrictions

General

The distribution of this Prospectus and the offer of the GDRs in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction other than the approval of this Prospectus as a Prospectus for the purposes of the Prospectus Rules that would permit a public offering of the GDRs, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the GDRs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Global Offer may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the GDRs including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the GDRs to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Purchasers of the GDRs may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase.

United States

The GDRs have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States, except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that, except as permitted by the Underwriting Agreement, it will not offer the GDRs as part of its distribution within the United States at any time except in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act. Terms used in this heading *"United States"* have the meanings given to them by Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Global Offer, an offer or sale of GDRs in the United States by a dealer (whether or not participating in the Global Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any GDRs may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any GDRs may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;

(c) by the Underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of GDRs shall result in a requirement for the publication by the Bank or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any GDRs under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any GDRs acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the GDRs acquired by it in the Global Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where GDRs have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those GDRs to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this section, the expression an "offer to the public" in relation to any GDRs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any GDRs to be offered so as to enable an investor to decide to purchase or subscribe for any GDRs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" has the meaning given to it in the section headed *"Definitions"* and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Underwriter has represented and agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the GDRs in circumstances in which Section 21(1) of the FSMA does not apply to the Bank, and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the GDRs in, from or otherwise involving the United Kingdom.

Kazakhstan

Each Joint Global Co-ordinator has agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the GDRs or distribute any draft or definitive document in relation to any such offer, invitation or sale in Kazakhstan, except in compliance with the laws of Kazakhstan.

Transfer Restrictions

Rule 144A GDRs

Each purchaser of GDRs located within the United States by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(i) it is (A) a qualified institutional buyer within the meaning of Rule 144A, (B) acquiring such GDRs (the "Rule 144A GDRs") for its own account or for the account of a qualified institutional buyer and (C) aware, and each beneficial owner of such GDRs has been advised, that the sale of such GDRs to it is being made in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or another exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act;

(ii) it understands that such GDRs (and the Shares represented thereby) have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or otherwise transferred except (A) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state of the United States. Such purchaser acknowledges that the GDRs offered and sold in accordance with Rule 144A are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and that no representation can be made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for the resale of GDRs (and the Shares represented thereby);

(iii) for so long as Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will not deposit such Shares into any depositary receipt facility in respect of shares established and maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility;

(iv) the Bank, the Selling Shareholder, the Registrar, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any GDRs for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(v) the GDRs (to the extent they are in certificated form) will bear a legend to the following effect, unless the Bank determines otherwise in compliance with applicable law:

"THIS MASTER RULE 144A GLOBAL DEPOSITARY RECEIPT AND THE COMMON SHARES OF JSC ALLIANCE BANK REPRESENTED HEREBY (THE "SHARES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF BY PURCHASING THE GDRs, AGREES FOR THE BENEFIT OF JSC ALLIANCE BANK THAT THE GDRs AND THE SHARES CORRESPONDING HERETO MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("QIB") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER OF THE GDRs WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF SUCH GDRs OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY RULE 144A GLOBAL DEPOSITARY RECEIPT MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR ANY RULE 144A GLOBAL DEPOSITARY RECEIPTS.

OWNERSHIP OF THE SHARES REPRESENTED BY THE GLOBAL DEPOSITARY RECEIPTS IS SUBJECT TO CERTAIN LEGISLATIVE RESTRICTIONS UNDER KAZAKHSTAN LAW. SPECIFICALLY, (A) LEGAL ENTITIES REGISTERED IN ANDORRA, LIECHTENSTEIN, LIBERIA, MONACO OR THE MARSHALL ISLANDS (AND/OR SUCH OTHER JURISDICTIONS AS MAY BE SPECIFIED UNDER APPLICABLE KAZAKHSTAN LAW FROM TIME TO TIME) OR WHICH HAVE

AFFILIATES REGISTERED IN SUCH JURISDICTIONS (EXCEPT FOR INTERNATIONAL BANKS HAVING A CREDIT RATING OF "A" OR ABOVE FROM ONE OF MOODY'S INVESTORS SERVICE, INC., STANDARD & POOR'S RATINGS SERVICES, FITCH RATINGS LTD. OR CAPITAL INTELLIGENCE LTD.) OR (B) PHYSICAL PERSONS WHO ARE PARTICIPANTS OR SHAREHOLDERS IN SUCH LEGAL ENTITIES MAY NOT DIRECTLY OR INDIRECTLY OWN SHARES. ACCORDINGLY, HOLDERS OF GLOBAL DEPOSITARY RECEIPTS FALLING UNDER (A) OR (B) ABOVE ARE NOT PERMITTED TO EXERCISE VOTING RIGHTS UNDER THE TERMS OF THE DEPOSIT AGREEMENT, CANNOT WITHDRAW THE SHARES FROM THE GLOBAL DEPOSITARY RECEIPTS AND CANNOT OWN SUCH SHARES."

Prospective purchasers are hereby notified that sellers of the GDRs may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A or another exemption from the registration requirements of the U.S. Securities Act.

Regulation S GDRs

Each purchaser of the GDRs offered in reliance on Regulation S (the "Regulation S GDRs") will be deemed to have represented and agreed as follows:

(i) the purchaser is, at the time of the offer to it of GDRs and at the time the buy order originated, outside the United States for the purposes of Rule 903 under the U.S. Securities Act;

(ii) the purchaser is aware that the Regulation S GDRs have not been and will not be registered under the U.S. Securities Act and are being offered outside the United States in reliance on Regulation S;

(iii) any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Bank in respect of the Regulation S GDRs;

(iv) the Bank, the Selling Shareholder, the Registrar, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; and

(v) the GDRs (to the extent they are in certificated form) will bear a legend to the following effect, unless the Bank determines otherwise in compliance with applicable law:

"THIS MASTER REGULATION S GLOBAL DEPOSITARY RECEIPT AND THE COMMON SHARES OF JSC ALLIANCE BANK REPRESENTED HEREBY (THE "SHARES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, PRIOR TO THE EXPIRATION OF A RESTRICTED PERIOD (DEFINED AS THE PERIOD ENDING 40 DAYS AFTER THE LATEST OF (I) THE COMMENCEMENT OF THE OFFERING OF GDRS, (II) THE ORIGINAL ISSUE DATE OF THE GDRS AND (III) THE LATEST ISSUE DATE WITH RESPECT TO THE ADDITIONAL GDRS (IF ANY) ISSUED PURSUANT TO THE OVER-ALLOTMENT OPTION GRANTED TO THE MANAGERS PURSUANT TO THE UNDERWRITING AGREEMENT) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("QIB") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES; PROVIDED THAT IN CONNECTION WITH ANY TRANSFER UNDER (B) ABOVE, THE TRANSFEROR SHALL, PRIOR TO THE SETTLEMENT OF SUCH SALE, WITHDRAW THE SHARES FROM THE REGULATION S FACILITY (AS DEFINED IN THE DEPOSIT AGREEMENT) IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DEPOSIT AGREEMENT AND INSTRUCT THAT SUCH SHARES BE DELIVERED TO THE CUSTODIAN UNDER THE DEPOSIT AGREEMENT FOR DEPOSIT IN THE RULE 144A FACILITY (AS DEFINED IN THE DEPOSIT AGREEMENT) THEREUNDER AND THAT RULE 144A GLOBAL DEPOSITARY RECEIPTS

REPRESENTED BY A MASTER RULE 144A GLOBAL DEPOSITARY RECEIPT BE ISSUED, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DEPOSIT AGREEMENT, TO OR FOR THE ACCOUNT OF SUCH QIB.

UPON THE EXPIRATION OF THE RESTRICTED PERIOD REFERRED TO ABOVE, THIS REGULATION S GLOBAL DEPOSITARY RECEIPT AND THE SHARES REPRESENTED HEREBY SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND, PROVIDED THAT AT THE TIME OF SUCH EXPIRATION THE OFFER OR SALE OF THE GLOBAL DEPOSITARY RECEIPTS REPRESENTED HEREBY AND THE SHARES REPRESENTED THEREBY BY THE HOLDER HEREOF IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

OWNERSHIP OF THE SHARES REPRESENTED BY THE GLOBAL DEPOSITARY RECEIPTS IS SUBJECT TO CERTAIN LEGISLATIVE RESTRICTIONS UNDER KAZAKHSTAN LAW. SPECIFICALLY, (A) LEGAL ENTITIES REGISTERED IN ANDORRA, LIECHTENSTEIN, LIBERIA, MONACO OR THE MARSHALL ISLANDS (AND/OR SUCH OTHER JURISDICTIONS AS MAY BE SPECIFIED UNDER APPLICABLE KAZAKHSTAN LAW FROM TIME TO TIME) OR WHICH HAVE AFFILIATES REGISTERED IN SUCH JURISDICTIONS (EXCEPT FOR INTERNATIONAL BANKS HAVING A CREDIT RATING OF "A" OR ABOVE FROM ONE OF MOODY'S INVESTORS SERVICE, INC., STANDARD & POOR'S RATINGS SERVICES, FITCH RATINGS LTD. OR CAPITAL INTELLIGENCE LTD.) OR (B) PHYSICAL PERSONS WHO ARE PARTICIPANTS OR SHAREHOLDERS IN SUCH LEGAL ENTITIES MAY NOT DIRECTLY OR INDIRECTLY OWN SHARES. ACCORDINGLY, HOLDERS OF GLOBAL DEPOSITARY RECEIPTS FALLING UNDER (A) OR (B) ABOVE ARE NOT PERMITTED TO EXERCISE VOTING RIGHTS UNDER THE TERMS OF THE DEPOSIT AGREEMENT, CANNOT WITHDRAW THE SHARES FROM THE GLOBAL DEPOSITARY RECEIPTS AND CANNOT OWN SUCH SHARES."

SETTLEMENT AND TRANSFER

Clearing and Settlement of GDRs

Custodial and depositary links have been established between Euroclear, Clearstream and DTC to facilitate the initial issue of the GDRs and cross-market transfers of the GDRs associated with secondary market trading.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

DTC

DTC has advised the Bank as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants (including Euroclear and Clearstream) and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book entry interests in the GDRs holding through DTC will receive, to the extent received by the Depositary, all distributions of dividends or other payments with respect to book entry interests in the GDRs from the Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant U.S. tax laws and regulations. See "*Taxation — United States*".

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book entry interests in the GDRs, may be limited.

Global Clearance and Settlement Procedures

Initial Settlement

The GDRs will be in global form evidenced by the two Master GDRs. Purchasers electing to hold book-entry interests in the GDRs through Euroclear and Clearstream accounts will follow the settlement procedures applicable to depositary receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the GDRs through DTC will follow the delivery practices applicable to depositary receipts.

Secondary Market Trading

Transfer Restrictions

For a description of the transfer restrictions relating to the GDRs, see "Selling and Transfer Restrictions — Transfer Restrictions".

Trading between Euroclear and Clearstream Participants

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC Participants

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream Purchaser

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the Depositary to instruct Euroclear or Clearstream, as the case may be, to credit the relevant account of the Euroclear or Clearstream participant, as the case may be. In addition, on the settlement date, DTC will instruct the Depositary to (i) decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR Certificate and (ii) increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream and represented by the Master Regulation S GDR Certificate.

Trading between Clearstream/Euroclear Seller and DTC Purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream participant to the account of a DTC participant, the Euroclear or Clearstream participant must send to Euroclear or Clearstream a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant, as the case may be. On the settlement date, Euroclear or Clearstream, as the case may be, will debit the account of its participant and will instruct the Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, as the case may be, shall on the settlement date instruct the Depositary to (i) decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Master Regulation S GDR Certificate and (ii) increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR Certificate.

General

Although the foregoing sets out the procedures of Euroclear, Clearstream or DTC in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream and DTC, none of Euroclear, Clearstream or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Bank, the Underwriters, the Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

INFORMATION RELATING TO THE DEPOSITARY

The Depositary is a state-chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The Depositary was constituted in 1784 in the State of New York. It is a wholly owned subsidiary of The Bank of New York Company, Inc., a New York bank holding company. The principal office of the Depositary is located at One Wall Street, New York, New York 10286. Its principal administrative offices are located at 101 Barclay Street, 22nd floor West, New York, New York 10286. A copy of the Depositary's Articles of Association, as amended, together with copies of The Bank of New York Company, Inc.'s most recent financial statements and annual report are available for inspection at the Corporate Trust Office of the Depositary located at 101 Barclay Street, New York, New York 10286 and at The Bank of New York, One Canada Square, London E14 5AL.

ADDITIONAL INFORMATION

Material Contracts

Neither the Bank nor any other member of the Group has entered into any material contract, other than in the ordinary course of business during the two years immediately preceding the date of this Prospectus, other than the Underwriting Agreement relating to the Global Offer described in "*Details of the Global Offer*".

Significant Change

Except as described under "Capitalisation" on page 29, there has been no significant change in the financial or trading position of the Group since 31 March 2007, the date to which the Unaudited Interim Financial Statements were prepared.

Auditors

Deloitte LLP ("Deloitte"), independent auditors (acting as an auditor under licence No.0000015, Type MFU-2, dated 13 September 2006 issued by the Ministry of Finance of Kazakhstan), 204-V Furmanov Street, 050049, Almaty, Republic of Kazakhstan, have audited the JSC Alliance Bank financial statements and their audit report is included on page F-42 of this prospectus. Deloitte's audit reports in respect of the consolidated financial statements for the years ended 31 December 2006, 2005 and 2004 express unqualified opinions.

Costs and Expenses

The total costs and expenses relating to the issue of the GDRs, including the UK Listing Authority listing fee, commissions, professional fees and expenses and the costs of printing, are estimated to amount to approximately U.S.$20 million (assuming that the Underwriters allot the Over-Allotment GDRs and exercise the Over-Allotment Put Option in full) and are payable by the Selling Shareholder.

Documents Available for Inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Prospectus for either a period of 14 days or until Admission, whichever is the longer period, at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ:

(a) the Charter of the Bank;

(b) the audited consolidated accounts of the Group for the three years ended 31 December 2006; and

(c) this Prospectus.

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INDEX TO FINANCIAL STATEMENTS

Joint Stock Company Alliance Bank Consolidated Financial Statements For the three months ended 31 March 2007 and 2006

Joint Stock Company Alliance Bank Consolidated Financial Statements For the years ended 31 December 2006, 2005 and 2004

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2007

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the report on review of condensed consolidated interim financial information set out on page F-3, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the condensed consolidated interim financial information of Joint Stock Company ("JSC") Alliance Bank and its subsidiary (together, the "Bank").

Management is responsible for the preparation of the condensed consolidated interim financial information that present fairly the consolidated financial position of the Bank as at 31 March 2007, the consolidated results of its operations, cash flows and changes in equity for the three-month period then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the condensed consolidated interim financial information, management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the notes to the condensed consolidated interim financial information; and
- preparing the condensed consolidated interim financial information on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Bank;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank, and which enable them to ensure that the condensed consolidated interim financial information of the Bank comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- detecting and preventing fraud and other irregularities.

The condensed consolidated interim financial information for the three-month period ended 31 March 2007 was authorized for issue on 25 May 2007 by the Management Board of the Bank.

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

25 May 2007
Almaty

/s/ Mamyrbekov A.T

Mamyrbekov A.T
Chief Accountant

25 May 2007
Almaty

Deloitte.

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Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Board of Directors of Joint Stock Company Alliance Bank

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Joint Stock Company Alliance Bank and its subsidiary (the "Bank") as of 31 March 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the three-month periods ended 31 March 2007 and 2006. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte, LLP

25 May 2007

Audit ● Tax ● Consulting ● Financial Advisory ●

Member of
Deloitte Touche Tohmatsu

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the three-month period ended 31 March 2007

(In Kazakhstani tenge and in millions, except for earnings per share which is in tenge)

	Notes	*Three-month period ended 31 March 2007*	*Three-month period ended 31 March 2006*
		(unaudited)	*(unaudited)*
Interest income	4, 24	**36,245**	9,442
Interest expense	4, 24	**(19,365)**	(6,176)
Net interest income before provision for impairment losses on interest bearing assets		**16,880**	3,266
Provision for impairment losses on interest bearing assets	5	**(2,029)**	(2,593)
Net interest income		**14,851**	673
Net loss on financial assets at fair value through profit or loss		**(305)**	(387)
Net gain on foreign exchange operations		**11**	95
Fee and commission income	6, 24	**2,029**	1,391
Fee and commission expense	6, 24	**(2,183)**	(146)
Other income		**687**	162
Net non-interest income		**239**	1,115
Operating income		**15,090**	1,788
Operating expenses	7, 24	**(4,133)**	(1,521)
Operating profit		**10,957**	267
Other provisions	5	**(184)**	(180)
Profit before income tax		**10,773**	87
Income tax expense	8	**(2,466)**	(183)
Net profit		**8,307**	(96)
Attributable to:			
Preference Shareholders		**100**	—
Ordinary Shareholders		**8,207**	—
		8,307	—
Earnings per share			
Basic and diluted (KZT)	9	**1,378**	(37)

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.	/s/ Mamyrbekov A.T.
Kereibayev D. Zh.	**Mamyrbekov A.T.**
Chairman of the Management Board	**Chief Accountant**
25 May 2007	25 May 2007
Almaty	Almaty

The notes on pages F-9 - F-40 form an integral part of these condensed consolidated interim financial information.
The Report on Review of Condensed Consolidated Interim Financial Information is set out on page F-3.

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31 March 2007

(in Kazakhstani tenge and in millions)

	Notes	*31 March 2007*	*31 December 2006*
		(unaudited)	
Assets:			
Cash and balances with the National Bank of the Republic of Kazakhstan	10	**118,177**	99,594
Financial assets at fair value through profit or loss	11	**186,754**	133,745
Due from banks	12	**81,143**	23,951
Loans to customers	13, 24	**691,074**	634,547
Investments available-for-sale	14	**5,014**	5,176
Investments held-to-maturity	15	**43**	43
Property, equipment and intangible assets		**14,066**	12,782
Non-current assets held-for-sale	16	**—**	1,008
Other assets	24	**15,539**	9,904
Total assets		**1,111,810**	920,750
Liabilities and equity			
Liabilities:			
Deposit from the National Bank of the Republic of Kazakhstan		**4,000**	2,000
Due to banks	17	**366,721**	363,005
Due to other financial institutions	18	**25,656**	25,174
Customer accounts	19, 24	**250,411**	272,786
Debt securities issued	20	**322,555**	139,249
Deferred income tax liabilities	8	**709**	1,100
Current income tax liabilities	8	**2,268**	912
Other liabilities		**5,019**	3,872
Subordinated debt	21	**31,896**	32,614
Total liabilities		**1,009,235**	840,712
Equity:			
Share capital	22	**74,247**	60,013
Additional paid-in-capital		**1,222**	1,222
Investments available-for-sale fair value reserve		**76**	80
Property revaluation reserve		**2,228**	2,255
Retained earnings		**24,802**	16,468
Total equity		**102,575**	80,038
Total liabilities and equity		**1,111,810**	920,750

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

25 May 2007
Almaty

/s/ Mamyrbekov A.T.

Mamyrbekov A.T.
Chief Accountant

25 May 2007
Almaty

The notes on pages F-9 - F-40 form an integral part of these condensed consolidated interim financial information.
The Report on Review of Condensed Consolidated Interim Financial Information is set out on page F-3.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month period ended 31 March 2007

(in Kazakhstani tenge and in millions)

	Share capital	*Additional paid-in-capital*	*Investments available-for-sale fair value reserve*	*Property revaluation reserve*	*Retained earnings*	*Total equity*
31 December 2005	24,904	—	204	491	2,433	28,032
Depreciation of property revaluation reserve	—	—	—	(5)	5	—
Loss on revaluation of investments available-for-sale	—	—	(9)	—	—	(9)
Net recognized directly in equity	—	—	(9)	(5)	5	(9)
Net profit	—	—	—	—	(96)	(96)
Total recognised for the period	—	—	(9)	(5)	(91)	(105)
Issue of ordinary shares	3,093	—	—	—	—	3,093
31 March 2006 (unaudited)	27,997	—	195	486	2,342	31,020
31 December 2006	60,013	1,222	80	2,255	16,468	80,038
Depreciation of property revaluation reserve	—	—	—	(27)	27	—
Loss transferred to income statement on sale of investments available-for-sale	—	—	1	—	—	1
Loss on revaluation of investments available-for-sale	—	—	(5)	—	—	(5)
Net recognized directly in equity	—	—	(4)	(27)	27	(4)
Net profit	—	—	—	—	8,307	8,307
Total recognised for the period	—	—	(4)	(27)	8,334	8,303
Issue of ordinary shares	14,234	—	—	—	—	14,234
31 March 2007 (unaudited)	74,247	1,222	76	2,228	24,802	102,575

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

25 May 2007
Almaty

/s/ Mamyrbekov A.T.

Mamyrbekov A.T.
Chief Accountant

25 May 2007
Almaty

The notes on pages F-9 - F-40 form an integral part of these condensed consolidated interim financial information. The Report on Review of Condensed Consolidated Interim Financial Information is set out on page F-3.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month period ended 31 March 2007

(in Kazakhstani tenge and in millions)

	Notes	For the three-month period ended 31 March 2007	For the three-month period ended 31 March 2006
		(unaudited)	(unaudited)
Cash flows from operating activities:			
Profit before income tax		**10,773**	87
Adjustments for:			
Provision for impairment losses on interest bearing assets		**2,029**	2,593
Other provisions		**184**	180
Unrealized (gain)/loss and amortization of premiums/(discounts) on securities		**987**	327
Net change in fair value of derivative financial instruments		**(3,113)**	—
Amortization of discount on issued securities		**73**	50
Depreciation and amortization		**441**	128
Loss from sale of non-current assets held-for-sale		**215**	—
Changes in interest accruals, net		**(6,883)**	(5,409)
Unrealized loss on foreign exchange operations		**720**	84
Changes in operating assets and liabilities:			
Due from banks		**(197)**	(1,459)
Financial assets at fair value through profit or loss		**(53,832)**	3,277
Loans to customers		**(58,477)**	(55,115)
Other assets		**(2,575)**	(803)
Deposit from the National Bank of the Republic of Kazakhstan		**2,000**	1,000
Due to banks		**6,658**	24,071
Due to other financial institutions		**214**	193
Customer accounts		**(21,888)**	10,413
Other liabilities		**1,019**	510
Cash outflow from operating activities before income tax		**(121,652)**	(19,873)
Income tax paid		**(1,501)**	(85)
Net cash outflow from operating activities		**(123,153)**	(19,958)
Cash flows from investing activities:			
Purchase of property, equipment and intangible assets		**(1,937)**	(476)
Proceeds on sale of property, equipment and intangible assets		**212**	196
Proceeds from/(purchase of) non-current assets held-for-sale		**793**	(939)
Proceeds on sale of investments available-for-sale		**194**	292
Net cash outflow from investing activities		**(738)**	(927)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month period ended 31 March 2007

(in Kazakhstani tenge and in millions)

	Notes	*For the three-month period ended 31 March 2007*	*For the three-month period ended 31 March 2006*
		(unaudited)	*(unaudited)*
Cash flows from financing activities:			
Issue of ordinary share capital		**14,234**	3,093
Proceeds from debt securities issued, net		**186,373**	1,019
Subordinated debt		**(290)**	283
Dividends paid		**(400)**	—
Net cash inflow from financing activities		**199,917**	4,395
Effect of changes in foreign exchange rate on cash and cash equivalents		**(408)**	5
Net increase/(decrease) in cash and cash equivalents		**75,618**	(16,485)
Cash and cash equivalents, beginning of year	14	**116,709**	45,192
Cash and cash equivalents, end of year	14	**192,327**	28,707

Interest received and paid by the Bank during the three-month period ended 31 March 2006 amounted to KZT 6,684 million and KZT 3,525 million, respectively.

Interest received and paid by the Bank during three-month period ended 31 March 2007 amounted to KZT 35,801 million and 12,093 KZT million, respectively.

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

25 May 2007
Almaty

/s/ Mamyrbekov A.T.

Mamyrbekov A.T.
Chief Accountant

25 May 2007
Almaty

The notes on pages F-9 - F-40 form an integral part of these condensed consolidated interim financial information.
The Report on Review of Condensed Consolidated Interim Financial Information is set out on page F-3.

(in Kazakhstani tenge and in millions)

1. Organisation

Joint Stock Company ("JSC") Alliance Bank was incorporated in the Republic of Kazakhstan in 1999 under the name of Open Joint Stock Company ("OJSC") Irtyshbusinessbank as a result of a merger of ("OJSC") Semipalatinsk Municipal Joint Stock Bank and OJSC Irtyshbusinessbank. In accordance with a decision made by Shareholders Alliance Bank was renamed from Irtyshbusinessbank to Alliance Bank on 30 November 2001 with a subsequent registration on 13 March 2002 as Open Joint Stock Company Alliance Bank. On 13 March 2004 Alliance Bank was re-registered as Joint Stock Company Alliance Bank.

The registered address of JSC Alliance Bank's Head Office is 80, Satpayev St., 050046, Almaty, the Republic of Kazakhstan. JSC Alliance Bank's activity is regulated by the National Bank of the Republic of Kazakhstan ("NBRK") and the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations ("Supervisory Agency"). JSC Alliance Bank conducts its business under the license No. 250 issued by Supervisory Agency on 24 January 2006 for performing operations in tenge and foreign currencies stipulated by the banking legislation.

JSC Alliance Bank's primary business is related to commercial banking activity, originating loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services.

In 2002, Alliance Bank joined the Kazakhstan Deposits Insurance Fund ("KDIF"). The primary goal of the KDIF is to protect interests of depositors in the event of forcible liquidation of a member-bank. Depositors can receive limited insurance coverage for the deposit, which fluctuates from 100% to 20%, depending on the amount of the deposit.

As at 31 March 2007, JSC Alliance Bank had 24 branches and 185 mini-branches in the Republic of Kazakhstan (as at 31 December 2006 — 21 branches and 162 mini-branches).

JSC Alliance Bank is a parent company of the ALB Finance B.V. (together, the "Bank") and it owns 100% of shares of the subsidiary.

ALB Finance B.V. is a limited liability partnership (B.V.) and operates under laws of the Kingdom of the Netherlands since October 2005. The company was established for the primary purpose of raising funds for the Bank in international capital markets.

The following shareholders individually owned more than 5% of the issued shares:

Shareholders	***31 March 2007 %***	***31 December 2006 %***
Ultimate shareholders:		
Margulan Seisembayev	**25.01**	25.32
Erlan Seisembayev	**25.01**	25.32
Askar Galin	**25.01**	25.31
Total ultimate shareholders	**75.03**	75.95
Other (individually hold less than 5%)	**24.97**	24.05
Total	**100.00**	100.00

This condensed consolidated interim financial information was authorized for issue by the Management Board of the Bank on 25 May 2007.

2. Basis of Presentation

Accounting basis

The condensed consolidated interim financial information of the Bank has been prepared by management in compliance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Accordingly, certain information and disclosures normally included in the notes to the annual financial statements as required by International Financial Reporting Standards ("IFRS") have been omitted or condensed.

This condensed consolidated interim financial information is presented in millions of Kazakhstani Tenge ("KZT million"), unless otherwise indicated. This condensed consolidated interim financial information has been prepared under the historical cost conversion, except for the measurement at fair value of certain financial instruments and measurement of buildings at revalued amounts according to International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement" and IAS 16 "Property, Plant and Equipment", respectively.

The Bank maintains their accounting records in accordance with Kazakhstani legislation, while its foreign subsidiary maintains accounting records in accordance with the requirements of the Kingdom of the Netherlands where this subsidiary operates. This condensed consolidated interim financial information has been prepared based on accounting records of the Bank and financial information of foreign subsidiary, which has been adjusted to conform to IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement classifications.

Interim reporting

The condensed consolidated interim financial information should be read in conjunction with the 2006 annual consolidated financial statements of the Bank, which were authorized for issue on 2 April 2007.

Since the results of the Bank's operation closely relate to and depend on changing market conditions, the results of the Bank's operation for the interim period do not necessarily reflect a trend for the total year end results.

Functional currency

The functional currency of these condensed consolidated interim financial information is the Kazakhstani Tenge ("KZT").

Reclassifications

Certain reclassifications have been made in Note 24 Related parties as at 31 December 2006 to conform to the presentation as at 31 March 2007.

Nature of reclassification	*Total category as per financial information caption as per the previous report*	*Total category as per financial information caption as per the current report*
Due from banks	23,951	—
Customer accounts	—	272,786

3. Significant Accounting Policies

In preparing this condensed consolidated interim financial information the Bank has applied the same accounting principles as those applied in the consolidated financial information of the Bank for the year ended 31 December 2006.

Rates of exchange

The exchange rates at year-end used by the Bank in the preparation of the condensed consolidated interim financial information are as follows:

	31 March 2007	*31 December 2006*
KZT/USD	**123.84**	127.00
KZT/EURO	**164.87**	167.12
KZT/RUR	**4.76**	4.82

(in Kazakhstani tenge and in millions)

4. Net Interest Income

	Three-month period ended 31 March 2007	*Three-month period ended 31 March 2006*
	(unaudited)	*(unaudited)*
Interest income		
Interest on loans to customers	**33,445**	8,258
Interest on debt securities	**1,811**	1,048
Interest on due from banks	**989**	136
Total interest income	**36,245**	9,442
Interest expense		
Interest on due to banks	**8,197**	2,123
Interest on debt securities issued	**6,203**	1,317
Interest on customer accounts	**4,201**	2,552
Interest on subordinated debt	**691**	134
Other	**73**	50
Total interest expense	**19,365**	6,176
Net interest income before provision for impairment losses on interest bearing assets	**16,880**	3,266

5. Allowance for Impairment Losses, Other Provisions

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans to customers
31 December 2005	7,555
Provision	2,593
Write-off of assets	(117)
31 March 2006 (unaudited)	10,031
Provision	11,439
Write-off of assets	(417)
Recoveries of assets previously written off	60
31 December 2006	21,113
Provision	2,029
Write-off of assets	(39)
Recoveries of assets previously written off	2
31 March 2007 (unaudited)	**23,105**

The movements in other provisions were as follows:

	Other assets	*Guarantees and other commitments*	*Total*
31 December 2005	22	176	198
Provision	7	173	180
31 March 2006 (unaudited)	29	349	378
Provision	19	157	176
Write-off of assets	(3)	—	(3)
31 December 2006	45	506	551
Provision	56	128	184
Write-off of assets	(2)	—	(2)
31 March 2007 (unaudited)	99	634	733

(in Kazakhstani tenge and in millions)

6. Fee and Commission Income and Expense

	Three-month period ended 31 March 2007 (unaudited)	*Three-month period ended 31 March 2006 (unaudited)*
Fee and commission income:		
Cash operations	**628**	259
Lending operations	**585**	511
Documentary operations	**320**	273
Settlements	**239**	146
Foreign currency and securities operations	**136**	67
Trust operations	**19**	20
Other	**102**	115
Total fee and commission income	**2,029**	1,391

	Three-month period ended 31 March 2007 (unaudited)	*Three-month period ended 31 March 2006 (unaudited)*
Fee and commission expense:		
Insurance premium to related party	**1,825**	—
Collection services	**142**	—
Plastic cards operations	**53**	10
Settlement bank services	**50**	17
Documentary operations	**30**	8
Foreign currency and security operations	**23**	16
Customer accounts services by financial agents	**9**	—
Eurobonds and syndicated loans	**1**	14
Other	**50**	81
Total fee and commission expense	**2,183**	146

(in Kazakhstani tenge and in millions)

7. Operating Expenses

	Three-month period ended 31 March 2007	***Three-month period ended 31 March 2006***
	(unaudited)	***(unaudited)***
Staff costs	**1,629**	644
Depreciation and amortization	**441**	128
Operating lease	**373**	96
Payments to Deposit Insurance Fund	**299**	36
Advertising and marketing expenses	**194**	220
Social tax	**160**	76
Taxes, other than income tax	**151**	82
Expenses on insurance	**126**	8
Repair and maintenance	**119**	24
Consulting	**85**	27
Telecommunication expenses	**66**	24
Representative expenses	**63**	16
Business trip and related expenses	**56**	28
Security service	**49**	17
Stationery	**42**	14
Buildings maintenance	**36**	15
Legal services expenses	**35**	1
Image creation expenses	**30**	1
Transportation costs	**25**	10
Cash collection	**24**	5
Charity	**20**	22
Working clothes	**16**	—
Training	**13**	4
Postal services	**11**	5
Information services	**9**	5
Other	**61**	13
Total operating expenses	**4,133**	1,521

8. Income Tax

The Bank provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Bank operates and which may differ from International Financial Reporting Standards.

The Bank is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 March 2007, 31 December 2006, 31 March 2006 and 31 December 2005 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

(in Kazakhstani tenge and in millions)

Temporary differences as at 31 March 2007, 31 December 2006, 31 March 2006 and 31 December 2005 comprise:

	31 March 2007	***31 December 2006***	***31 March 2006***	***31 December 2005***
	(unaudited)		***(unaudited)***	
Deferred assets:				
Commission prepayments	**—**	—	—	1,493
Loss carry forward	**—**	—	617	
Unrealized loss on securities	**—**	—	410	
Loans and advances to banks and customers	**346**	—	493	296
Total deferred assets	**346**	—	1,520	1,789
Deferred liabilities:				
Unrealized gain on securities	**(329)**	—	—	—
Loans and advances to banks and customers	**—**	(564)	—	—
Property, equipment and intangible assets, net	**(2,381)**	(3,104)	(571)	(229)
Total deferred liabilities	**(2,710)**	(3,668)	(571)	(229)
Net deferred (liabilities)/assets	**(2,364)**	(3,668)	949	1,560
Deferred income tax (liabilities)/assets at the statutory rate (30%)	**(709)**	(1,100)	285	468
Net deferred income tax (liabilities)/ assets	**(709)**	(1,100)	285	468

Relationships between tax expenses and accounting profit for the period ended 31 March 2007 and 31 March 2006 are explained as follows:

	Three-month period ended 31 March 2007	***Three-month period ended 31 March 2006***
	(unaudited)	***(unaudited)***
Profit before income tax	**10,773**	87
Statutory tax rate	**30%**	30%
Tax at the statutory tax rate	**3,232**	26
Tax effect of permanent differences	**(766)**	157
Income tax expense	**2,466**	183
Current income tax expense	**2,857**	—
Deferred income tax (credit)/expense	**(391)**	183
Income tax expense	**2,466**	183

	31 March 2007	***31 December 2006***	***31 March 2006***	***31 December 2005***
	(unaudited)		***(unaudited)***	
Beginning of the year	**(1,100)**	468	468	—
Decrease/increase in income tax assets/liabilities for the period	**391**	(1,568)	(183)	468
End of the year	**(709)**	(1,100)	285	468

(in Kazakhstani tenge and in millions)

Income tax assets and liabilities consist of the following:

	31 March 2007	*31 December 2006*
	(unaudited)	
Current income tax liabilities	**(2,268)**	(912)
Deferred income tax liabilities	**(709)**	(1,100)
Income tax liabilities	**(2,977)**	(2,012)

9. Earnings Per Share

	Three-month period ended 31 March 2007	*Three-month period ended 31 March 2006*
	(unaudited)	*(unaudited)*
Profit:		
Net profit for the year	**8,307**	(96)
Weighted average number of ordinary shares		
For basic and diluted earnings per share	**6,026,677**	2,602,891
Earnings per share — basic and diluted (KZT)	**1,378**	(37)

10. Cash and Balances with the National Bank of the Republic of Kazakhstan

	31 March 2007	*31 December 2006*
	(unaudited)	
Balance with the National Bank of the Republic of Kazakhstan	**101,418**	85,030
Cash on hand	**16,759**	14,564
Total cash and balances with the National Bank of the Republic of Kazakhstan	**118,177**	99,594

Minimum reserve requirements are determined as a percentage from deposits, external due to banks in accordance with the requirements of the National Bank of the Republic of Kazakhstan (“NBRK”) and as of 31 March 2007 and December 2006 amounted to KZT 73,756 million and KZT 56,663 million, respectively. The Bank was in compliance with the NBRK requirements by maintaining an average balance with the NBRK and therefore was able to use the amounts without any restrictions.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows are comprised of the following:

	31 March 2007	*31 December 2006*	*31 March 2006*	*31 December 2005*
	(unaudited)		*(unaudited)*	
Cash and balances with the National Bank of the Republic of Kazakhstan	**118,177**	99,594	24,100	42,327
Due from banks in countries included in Organisation for Economic Co-operations and Development (“OECD”)	**74,150**	17,115	4,607	2,865
Total cash and cash equivalents	**192,327**	116,709	28,707	45,192

(in Kazakhstani tenge and in millions)

11. Financial Assets at Fair Value through Profit or Loss

	31 March 2007	*31 December 2006*
	(unaudited)	
Debt securities of central governments	**155,834**	100,880
Debt securities of financial institutions	**22,259**	26,114
Debt securities of corporates	**5,120**	4,535
Derivative financial instruments	**3,541**	2,216
Total financial assets at fair value through profit or loss	**186,754**	133,745

	Interest to nominal %	*31 March 2007*	*Interest to nominal %*	*31 December 2006*
		(unaudited)		
Debt securities of central governments:				
Bonds of the Government of the United States of America	3.50-4.10	**92,735**	3.50-4.13	83,172
Notes of the National Bank of the Republic of Kazakhstan	—	**57,299**	—	10,979
Bonds of the Ministry of finance of the Republic of Kazakhstan	3.35-6.40	**5,371**	3.35-8.20	6,295
Euronotes of the Ministry of finance of the Republic of Kazakhstan	11.13	**429**	11.13	434
Total debt securities of central governments		**155,834**		100,880
Debt securities of financial institutions:				
Bonds of JSC ATF Bank	8.13-10.90	**3,619**	8.13-10.90	2,814
Bonds of JSC BTA Mortgage	9.30	**2,680**	9.20-9.90	2,705
Bonds of JSC Kazkommerts International B. V.	5.13-8.50	**2,599**	5.13-8.50	2,719
Bonds of JSC HSBC	8.13	**2,508**	7.00	2,620
Bonds of JSC Bank CenterCredit	8.50-10.00	**2,255**	8.50-10.00	2,236
Bonds of ATF Capital BV	9.25	**1,282**	—	—
Structural notes of Caliyon	6.8	**1,239**	—	—
Bonds of JSC Kazakhstani Mortgage Company	4.90-7.50	**1,140**	4.90-7.50	1,106
Bonds HSBK Europe BV	7.75	**935**	7.75	944
Bonds of JSC Bank of Development	7.13	**826**	—	—
Bonds of JSC Halyk Bank Kazakhstan	5.00-11.80	**698**	5.00-11.80	688
Bonds of JSC Banque Europeene D'Inves	4.63	**615**	4.63	629
Bonds of JSC TexakaBank	11.00	**460**	11.00	472
Bonds of JSC Nurbank	9.00	**384**	9.00	391
Bonds of TuranAlem Finance B.V.	8.00	**369**	8.00	393
Bonds of JSC Temirbank	9.75	**259**	—	—
Bonds of JSC Bank TuranAlem	10.50	**256**	7.00-10.50	8,262
Bonds of JSC Kazkommertsbank	8.00	**135**	8.00	135
Total debt securities of financial institutions		**22,259**		26,114
Debt securities of corporates				
Bonds of JSC Doszhan Temir Zholy	9.45	**1,655**	9.45	1,080
Bonds of JSC Ulbinsky Metallurgical Plant	8.25	**1,531**	8.25	1,500
Bonds of JSC Kazakhstan Temir Zholy	6.50	**1,030**	6.50	1,037
Bonds of JSC KazTransCom	8.00	**423**	8.00	433
Bonds of JSC KazAtomprom	8.50	**327**	8.50	332
Bonds of JSC KazPost	8.00	**154**	8.00	153
Total debt securities of corporates		**5,120**		4,535

(in Kazakhstani tenge and in millions)

		31 March 2007	
		Net fair value	
	Nominal amount	Asset	Liability
		(unaudited)	
Foreign currency contracts			
Forwards	52,852	**1**	**(420)**
Swaps	201,628	**2,651**	**—**
FRA	351	**—**	**(8)**
Interest rate contracts			
Swaps	12,758	**123**	**—**
Securities contracts			
Forward	83,250	**766**	**—**
Total derivative financial instruments	350,839	**3,541**	**(428)**

		31 December 2006	
		Net fair value	
	Nominal amount	Asset	Liability
Foreign currency contracts			
Forwards	80,901	**972**	**—**
Swaps	3,430	**383**	**—**
FRA	360	**—**	**(18)**
Securities contracts			
Forward	73,928	**861**	**—**
Total derivative financial instruments	158,619	**2,216**	**(18)**

As at 31 March 2007 and 31 December 2006 included in financial assets at fair value through profit or loss was accrued interest income amounting to KZT 796 million and KZT 594 million, respectively.

As at 31 March 2007 and 31 December 2006 financial assets at fair value through profit or loss included debt securities of central governments and financial institutions totally amounting to KZT 4,823 million and KZT 47,130 million, respectively, pledged under repurchase agreements (Note 17, 19). All the agreements have maturity within 1 month.

12. Due from Banks

	31 March 2007	31 December 2006
	(unaudited)	
Overnight deposits to banks	**65,776**	9,690
Correspondent accounts with other banks	**8,850**	8,156
Short-term deposits to banks	**1,986**	324
Loans under reverse repurchase agreements	**1,768**	3,352
Long-term deposit to banks	**1,499**	1,794
Long-term loans to other banks	**1,264**	635
Total due from banks	**81,143**	23,951

Included in due from banks is accrued interest of KZT 80 million and KZT 83 million as at 31 March 2007 and 31 December 2006, respectively.

As at 31 March 2007 and 31 December 2006 the Bank had due from JSC Kazkommertsbank and HypoVeriensbank, Raiffeisen Zentrabank, JSC Halyk Bank, respectively, which individually exceeded 10% of the Bank's equity.

(in Kazakhstani tenge and in millions)

As at 31 March 2007 and 31 December 2006 the maximum credit risk exposure on due from banks amounted to KZT 81,143 million and KZT 23,951 million, respectively.

Fair value of pledged assets and carrying value of loans under reverse repurchase agreements as at 31 March 2007 and 31 December 2006 are presented as follows:

	31 March 2007		*31 December 2006*	
Collateral	***Carrying value of loans***	***Fair value of collateral***	***Carrying value of loans***	***Fair value of collateral***
	(unaudited)			
Notes of the National Bank of the Republic of Kazakhstan	**1,200**	**1,262**	—	—
Shares of banks	**568**	**589**	499	548
Bonds of banks	**—**	**—**	2,853	3,159
Total	**1,768**	**1,851**	3,352	3,707

13. Loans to Customers

	31 March 2007	***31 December 2006***
	(unaudited)	
Originated loans	**704,853**	632,876
Net investments in finance lease	**8,421**	8,037
Loans under reverse repurchase agreements	**905**	14,747
	714,179	655,660
Less allowance for impairment losses	**(23,105)**	(21,113)
Total loan to customers	**691,074**	634,547

As at 31 March 2007 and 31 December 2006 accrued interest income included in loans to customers amounted to KZT 13,980 million and KZT 13,770 million, respectively.

Movements in allowances for impairment losses for the three-month period ended 31 March 2007 and for the year ended 31 December 2006 are disclosed in Note 5.

	31 March 2007	***31 December 2006***
	(unaudited)	
Loans collateralized by real estate	**380,092**	311,645
Loans insured by related party	**187,701**	162,454
Loans collateralized by transport vehicles	**33,453**	37,098
Loans collateralized by securities	**32,775**	24,019
Loans collateralized by deposits	**11,052**	26,654
Loans collateralized by goods	**10,564**	9,191
Loans collateralized by guarantees	**9,947**	22,260
Finance lease	**7,691**	8,037
Loans collateralized by equipment	**1,708**	1,853
Uncollateralized consumer loans	**354**	602
Other	**15,737**	30,734
Total loans to customers	**691,074**	634,547

The loans insured by related party are express consumer loans to individuals. The related party reinsured its insurance risk with an international reinsurance company.

(in Kazakhstani tenge and in millions)

Customer concentration per economic sector is presented as follows:

	31 March 2007	*31 December 2006*
	(unaudited)	
Analysis by sector:		
Individuals	**314,168**	269,351
Construction	**99,287**	73,720
Wholesale	**58,266**	64,530
Population related services	**53,164**	47,642
Finance services	**32,011**	29,167
Real estate operations	**25,990**	29,169
Transportation	**23,425**	19,731
Trade	**16,057**	13,625
Services related to oil and gas extraction	**14,200**	11,301
Food	**10,217**	11,299
Finance lease	**7,691**	8,037
Metallurgy	**7,381**	—
Agriculture	**6,535**	7,846
Paper manufacturing	**5,237**	19,526
Entertainment and recreational activities	**3,015**	3,530
Chemical industry	**3,961**	3,298
Coal mining	**2,085**	2,035
Mass media	**1,602**	1,424
Heavy industry	**1,525**	1,013
Post and communications	**979**	736
Production of metal goods	**816**	621
Government administration	**—**	1,439
Other	**3,462**	15,507
Total loans to customers	**691,074**	634,547

Loans to individuals comprise the following products:

	31 March 2007	*31 December 2006*
	(unaudited)	
Consumer loans	**262,653**	226,696
Mortgage loans	**42,009**	34,675
Car credits	**9,506**	7,980
Total loans to individuals	**314,168**	269,351

As at 31 March 2007 the Bank had loans to one customer totalling KZT 18,426 million, which individually exceeded 10% of the Bank's equity, and as of 31 December 2006 the Bank had loans to four customers totalling KZT 45,888 million, which exceeded 10% of the Bank's equity, individually and in aggregate.

As at 31 March 2007 and 31 December 2006 a maximum credit risk exposure of loans to customers amounted to KZT 691,074 million and KZT 634,547 million, respectively.

As at 31 March 2007 and 31 December 2006 the Bank had loans originated in Almaty totalling KZT 412,914 million and KZT 382,982 million, respectively, which represent significant geographical concentration in this region forming 59.8% and 60.4% of the loan portfolio, respectively.

(in Kazakhstani tenge and in millions)

Fair value of pledged assets and carrying value of loans under reverse repurchase agreements as at 31 March 2007 and 31 December 2006 are presented as follows:

	31 March 2007		***31 December 2006***	
Collateral	***Carrying value of loans***	***Fair value of collateral***	***Carrying value of loans***	***Fair value of collateral***
	(unaudited)			
Bonds of Kazakhstani companies	**905**	**940**	13,308	15,536
Bonds of the Ministry of finance of the Republic of Kazakhstan	**—**	**—**	1,439	1,585
Total	**905**	**940**	14,747	17,121

Included in originated loans are the following amounts relating to finance leases:

	31 March 2007	***31 December 2006***
	(unaudited)	
Not later than one year	**2,375**	3,188
From one year to five years	**8,087**	6,969
After five years	**302**	225
Minimum lease payments	**10,764**	10,382
Less: unearned finance income	**(2,343)**	(2,345)
Net investment in finance lease	**8,421**	8,037
Less allowance for impairment losses	**(730)**	—
	7,691	8,037
Current portion	**1,555**	2,161
Long-term portion	**6,136**	5,876
Net investment in finance lease	**7,691**	8,037

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 13.75% per cent per annum. Material leasing arrangements were concluded with customers for purchases of vehicles and equipments, which represent the collateral for such arrangements.

(in Kazakhstani tenge and in millions)

14. Investments Available-For-Sale

	Interest to nominal %	***31 March 2007***	***Interest to nominal %***	***31 December 2006***
	(unaudited)			
Debt securities				
Euronotes of the Ministry of finance of the Republic of Kazakhstan	11.13	**1,321**	11.13	1,336
Bonds of the Ministry of finance of the Republic of Kazakhstan	5.70-6.90	**961**	6.09-6.44	1,064
JSC Kazakhstan Kagazi bonds	10.40	**598**	11.30	615
JSC Kazakhstani Mortgage Company bonds	8.90-9.70	**455**	9.00-9.50	445
JSC ATF Bank bonds	8.50	**424**	8.50	420
JSC Nurbank bonds	8.30-9.00	**325**	9.00-9.90	321
JSC Bank CenterCredit bonds	13.50	**319**	14.40	312
JSC Halyk Bank Kazakhstan Euronotes	8.10	**269**	8.13	272
JSC RG Brand bonds	10.00	**257**	10.00	265
JSC Bank Turan Alem bonds	9.90	**9**	10.7	9
JSC Development Bank of Kazakhstan bonds	—	**—**	8.50	41
		4,938		5,100
Equity securities	***Share %***		***Share %***	
LLP First Credit Office	18.40	37	18.40	37
JSC Alliance Policy	5.40	27	5.40	27
JSC Processing Center	1.37	10	1.37	10
JSC Kazakhstan Stock Exchange	1.37	2	1.49	2
		76		76
Total investments available-for-sale		5,014		5,176

As at 31 March 2007 and 31 December 2006 included in investments available-for-sale was accrued interest income on debt securities amounting to KZT 134 million and KZT 99 million, respectively.

15. Investments Held-To-Maturity

Investments held-to-maturity in the amount of KZT 43 million as at 31 March 2007 and 31 December 2006 are represented by Astana municipal bonds with the interest rate of 8.5% to nominal, maturity date — 26 June 2007.

16. Non-Current Assets Held-For-Sale

Non-current assets held-for-sale represents 100% shares of JSC FinanceCreditBank (Kyrgyzstan). As at 31 December 2006 the Bank had 300 million shares of JSC FinanceCreditBank. During 2006 there were no material results from operations.

On 19 March 2007 all shares were sold with a loss of KZT 215 million.

(in Kazakhstani tenge and in millions)

17. Due to Banks

	31 March 2007	*31 December 2006*
	(unaudited)	
Correspondent accounts of other banks	**1,167**	1,523
Due to banks and financial institutions, including:		
Syndicated loans from banks		
Bank of Tokyo-Mitsubishi UFJ Tranche A due on 19/06/2007, coupon rate 6.67% annual	**31,339**	31,715
Standard Bank Tranche A due on 06/11/2007, coupon rate 6.45% annual	**23,816**	24,159
Bank of Tokyo-Mitsubishi UFJ Tranche B due on 17/06/2008, coupon rate 7.17% annual	**18,997**	19,185
Calyon, Abu Dhabi Islamic Bank Tranche A, coupon rate 6.33% annual	**10,424**	—
Standard Bank Tranche A due on 29/10/2008, coupon rate 6.65% annual	**8,955**	9,076
Calyon, Abu Dhabi Islamic Bank Tranche B, coupon rate 6.63% annual	**7,972**	—
ING Bank NV Tranche B due on 07/11/2007, coupon rate 7.63% annual	**6,545**	6,555
Standard Bank Tranche C due on 28/10/2009, coupon rate 7.1% annual	**5,227**	5,291
Standard Bank 31/03/2008 coupon rate 7.87% annual	**3,693**	3,896
Wachovia Bank NA 18/05/2009 coupon rate 7.89% annual	**2,032**	2,052
Loans from other banks	**204,462**	188,486
Alliance DPR Company	**24,127**	24,901
Time deposits of banks	**16,364**	29,247
Loans under repurchase agreements	**1,601**	16,919
Total due to banks	**366,721**	363,005

As at 31 March 2007 and 31 December 2006 accrued interest expenses included in due to banks amounted to KZT 6,564 million and KZT 3,532 million, respectively.

On 13 November 2006, Alliance Bank launched and priced a USD 200 million, dual tranche debt issuance off a newly established future flow Diversified Payment Rights ("DPR") securitization program. The transaction is a true-sale securitization of the Bank's dollar and euro denominated present and future diversified payment rights (SWIFT MT 100 and MT 202) to Alliance DPR company (special purpose vehicle created on Cayman Islands). The issuance consisted of a USD 100 million Series 2006A tranche and a USD 100 million Series 2006B tranche. Series 2006A was guaranteed by Asian Development Bank, the rate of which amounted to 3-month LIBOR plus 0.15%.

Fair value of pledged assets and carrying value of loans under repurchase agreements as at 31 March 2007 and 31 December 2006 are presented as follows:

	31 March 2007		*31 December 2006*	
Collateral	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*
	(unaudited)			
Notes of the National Bank of the Republic of Kazakhstan	**—**	**—**	8,674	9,125
Bonds of Kazakhstani banks	**1,601**	**1,556**	4,980	5,410
Eurobonds of Kazakhstani banks	**—**	**—**	2,643	3,023
Bonds of foreign banks	**—**	**—**	622	625
Total	**1,601**	**1,556**	16,919	18,183

As at 31 March 2007 and 31 December 2006 financial assets at fair value through profit or loss included debt securities of central governments and financial institutions totally amounting to KZT 1,556 million and KZT 18,183 million, respectively, pledged under repurchase agreements with other banks (Note 11). All the agreements have maturity within 1 month.

(in Kazakhstani tenge and in millions)

18. Due to Other Financial Institutions

	Currency	*Maturity*	*Interest rate %*	*31 March 2007*	*Interest rate %*	*31 December 2006*
				(unaudited)		
TR Commodity Trading GMBH, Sweden	USD	9/04/2007-3/01/2008	6.99-7.89	**5,672**	7.18-7.67	7,892
Bunge SA, USA	USD	21/11/2007-17/04/2009	5.35-8.66	**6,890**	5.55-8.66	7,022
Cargill Financial Services International, Inc, USA	USD	20/06/2007-26/11/2007	7.05-7.67	**9,536**	7.17-7.64	4,484
Cargill Financial Services International, Inc, USA	USD	2/04/2007-29/06/2007	7.49-7.71	**1,610**	7.37-7.71	1,930
C.V.A. Trade Resources Ltd, UK	USD	31/10/2008	5.41	**1,206**	—	—
Bunge HMBH	USD	15/06/2007-4/06/2007	8.4-8.66	**742**	8.64-8.66	761
Bunge SA, Geneva	USD	18/01/2007-23/03/2007	—	**—**	7.32-7.45	2,407
Super-Trade Inc	USD	22/02/2007	—	**—**	7.44	678
Total due to other financial institutions				**25,656**		25,174

As at 31 March 2007 and 31 December 2006 accrued interest expenses included in due to other financial institutions amounted to KZT 33 million and KZT 301 million, respectively.

19. Customer Accounts

	31 March 2007	*31 December 2006*
	(unaudited)	
Time deposits	**162,205**	153,146
Repayable on demand	**62,332**	68,438
Guarantee deposits	**22,515**	23,677
Loans under repurchase agreements	**3,359**	27,525
Total customer accounts	**250,411**	272,786

(in Kazakhstani tenge and in millions)

As at 31 March 2007 and 31 December 2006 accrued interest expense included in customer accounts amounted to KZT 1,951 million and KZT 1,450 million, respectively.

	31 March 2007	*31 December 2006*
	(unaudited)	
Analysis by sector:		
Individuals	**101,794**	112,187
Finance services	**58,817**	60,806
Trade	**27,664**	20,308
Ancillary activity of service providers to customers	**16,954**	15,912
Construction	**8,593**	28,178
State administration	**7,751**	10,462
Transport and communication	**5,086**	4,674
Metallurgy	**3,575**	2,307
Other fields of mineral resource industry	**3,553**	3,154
Energy	**2,652**	847
Education	**2,119**	368
Agriculture	**1,719**	4,850
Production of crude oil and natural gas	**1,380**	1,076
Paper industry	**1,007**	1,185
Health care and social services	**860**	529
Arts	**823**	1,334
Machinery	**441**	1,010
Production of coal, lignite and peat	**476**	467
Real estate	**355**	285
Consumer production	**278**	120
Food production	**199**	383
Hotel business	**36**	48
Chemical industry	**25**	198
Other services	**4,254**	2,098
Total customer accounts	**250,411**	272,786

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 March 2007 and 31 December 2006:

	31 March 2007		*31 December 2006*	
Collateral	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*
	(unaudited)			
Bonds of Kazakhstani companies	**1,855**	**1,831**	4,769	5,258
Bonds of the Ministry of finance of the Republic of Kazakhstan	**1,504**	**1,436**	4,679	5,230
US treasury bills	**—**	**—**	13,203	13,356
Eurobonds of Kazakhstani companies	**—**	**—**	3,266	3,359
Euronotes of the Ministry of finance of the Republic of Kazakhstan	**—**	**—**	1,608	1,744
Total	**3,359**	**3,267**	27,525	28,947

As at 31 March 2007 and 31 December 2006 financial assets at fair value through profit or loss included debt securities of central governments and financial institutions totally amounting to KZT 3,267 million and KZT 28,947 million, respectively, pledged under repurchase agreements (Note 11, 14). All the agreements have maturity within 1 month.

(in Kazakhstani tenge and in millions)

20. Debt Securities Issued

	Issue date dd/mm/yy	*Maturity date dd/mm/yy*	*Annual coupon rate %*	*31 March 2007*	*31 December 2006*
				(unaudited)	
Issued Eurobonds					
ALB Finance B.V. Eurobonds, *emission in EUR*	02/02/2007	02/02/2012	7.93	**124,220**	—
ALB Finance B.V. Eurobonds, *emission in GBP*	13/02/2007	13/02/2012	10.91	**61,217**	—
ALB Finance B.V. Eurobonds, *emission in USD*	26/09/2006	26/09/2013	9.00	**42,714**	44,835
ALB Finance B.V. Eurobonds, *emission in USD*	20/04/2006	20/04/2011	9.00	**31,956**	32,039
ALB Finance B.V. Eurobonds, *emission in USD*	22/11/2005	22/11/2010	8.75	**25,657**	25,699
Alliance Bank Eurobonds 1 Emission, *emission in USD*	27/06/2005	27/06/2008	9.25	**18,974**	18,887
				304,738	121,460
Tenge-denominated bonds					
Bonds of 6 emission	10/04/2006	10/04/2009	8.5	**7,235**	7,081
Bonds of 4 emission	23/04/2005	24/04/2008	7.0	**5,007**	4,894
Bonds of 8 emission	26/12/2006	26/12/2011	8.5	**4,581**	4,805
Bonds of 5 emission	01/09/2005	01/09/2008	7.0	**994**	1,009
				17,817	17,789
Total debt securities issued				**322,555**	139,249

As at 31 March 2007 and 31 December 2006 accrued interest expense included in debt securities issued amounted to KZT 6,857 million and KZT 2,878 million, respectively.

21. Subordinated Debt

	Issue date dd/mm/yy	*Maturity date dd/mm/yy*	*Interest rate %*	*31 March 2007*	*31 December 2006*
				(unaudited)	
Subordinated bonds of *7 emission in KZT*	24/07/2006	24/07/2013	8.5	**4,846**	4,944
Subordinated bonds of *3 emission in KZT*	29/10/2004	28/10/2011	10.8	**2,985**	2,863
Subordinated bonds of 1 emission in KZT indexed to USD	23/12/2002	23/12/2009	9.0	**2,407**	2,410
International Perpetual Subordinated bonds of ALB Finance B.V., *emission in USD*	19/04/2006	—	9.4	**17,922**	18,361
Preference shares, emission in KZT	19/04/2006	—	—	**3,736**	4,036
Total subordinated debt				**31,896**	32,614

As at 31 March 2007 and 31 December 2006 accrued interest expense included in bonds amounted to KZT 271 million and KZT 243 million, respectively.

As at 31 March 2007 and 31 December 2006 accrued dividends included in preference shares amounted to KZT 100 million and KZT 400 million, respectively.

In the event of bankruptcy or liquidation of the Bank, repayment of this debt is subordinate to the repayments of the Bank's liabilities to all other creditors.

(in Kazakhstani tenge and in millions)

Preference shares:

As at 31 March 2007 and 31 December 2006, 400,000 preference shares of Alliance Bank were issued and fully paid.

The preference shares are not mandatory redeemable. They carry a mandatory dividend payment amounting to KZT 1,000 per share and are classified as a liability based on IAS 32 "Financial instruments: Presentation".

22. Share Capital

Ordinary shares: As of 31 March 2007, 11,537,500 shares were authorized, 7,424,222 shares were issued and fully paid. As of 31 December 2006 6,037,500 shares were authorized, 6,000,808 shares were issued and fully paid.

The below table provides a reconciliation of the number of shares outstanding as of 31 March 2007 and 31 December 2006:

	Ordinary shares Share '000
31 December 2005	2,441
Issue of ordinary shares	3,560
31 December 2006	6,001
Issue of ordinary shares	1,423
31 March 2007	7,424

As of 31 March 2007 and 31 December 2006 50,000 and 350,000 preference shares of the Bank were issued and fully paid with the price of KZT 10,000 and KZT 12,450 per share, respectively. As of 31 December 2006 the Bank reclassified preference shares in amount of KZT 3,636 million as a subordinated debt to comply with the requirements of IAS 32.

23. Financial Commitments and Contingencies

In the normal course of business the Bank is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the balance sheet.

The risk-weighted amount is obtained by applying credit conversion factors and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision ("Basle Committee").

As at 31 March 2007 and 31 December 2006, the nominal or contract amounts and the risk weighted credit equivalents of instruments with off-balance sheet risks were:

	31 March 2007		*31 December 2006*	
	Nominal amount	*Risk weighted amount*	*Nominal amount*	*Risk weighted amount*
	(unaudited)			
Contingent liabilities				
Guarantees and similar commitments issued	**14,090**	**13,355**	8,607	8,280
Letters of credit	**7,045**	**3,523**	23,780	11,492
Total contingent liabilities	**21,135**	**16,878**	32,387	19,772

As at 31 March 2007 and 31 December 2006, guarantees and similar commitments issued of KZT 539 million and KZT 158 million, respectively, were secured by cash deposited at customer accounts.

As at 31 March 2007 and 31 December 2006, standby letters of credit of KZT 130 million and KZT 61 million, respectively, were secured by cash deposited at customer accounts.

The Bank has made a provision of KZT 196 million and KZT 169 million against commitments under guarantees issued and KZT 438 million and KZT 337 million letter of credit as of 31 March 2007 and 31 December 2006, respectively. (Note 5)

(in Kazakhstani tenge and in millions)

Operating lease commitments

Where the Bank is the lessee, the future minimum lease payments under non cancelable operating leases are as follows:

	31 March 2007	*31 December 2006*
	(unaudited)	
Not later than 1 year	**8**	1
Later than 1 year and not later than 5 years	**276**	473
Later than 5 years	**578**	453
Total operating lease commitments	**862**	927

Legal proceedings

From time to time and in the normal course of business, claims against the Bank are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and accordingly no provision has been made in this condensed consolidated interim financial information.

Taxes

Kazakhstani commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Bank may be assessed additional taxes, penalties and interest. The Bank's management believes that it has already made all tax payments, and therefore no allowance has been made in the financial information. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 March 2007 and 31 December 2006, the Bank was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

The Bank's principal activities are within the Republic of Kazakhstan. Laws and regulations affecting businesses operating in the Republic of Kazakhstan are subject to frequent changes and the Bank's assets and operations could be at a risk due to negative changes in the political and business environment.

24. Transactions with Related Parties

As defined by IAS 24 "Related party disclosures", a party is related to the Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Bank that gives it significant influence over the Bank; or

(iii) has joint control over the Bank;

(b) the party is an associate (as defined in IAS 28 "Investments in Associates") of the Bank;

(c) the party is a joint venture in which the Bank is a venturer (see IAS 31 "Interests in Joint Ventures");

(d) the party is a member of the key management personnel of the Bank or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(in Kazakhstani tenge and in millions)

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); and

(g) Post-employment benefit plans for the benefit of employees of the Bank, or of any entity that is a related party of the Bank.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Bank had the following transactions outstanding with related parties as at 31 March 2007 and 31 December 2006:

	31 March 2007		*31 December 2006*	
	Related party balances	***Total category as per financial information caption***	***Related party balances***	***Total category as per financial statements caption***
	(unaudited)			
Loans to customers, gross	**8,669**	**714,179**	8,222	655,660
— the parent	**7,386**		6,877	
— other related parties	**559**		688	
— key management personnel of the entity or its parent	**724**		657	
Allowance for impairment losses	**261**	**23,105**	3	21,113
— the parent	**257**		2	
— key management personnel of the entity or its parent	**3**		1	
— other related parties	**1**		—	
Other assets	**6,644**	**15,539**	2,584	9,904
— other related parties	**6,644**		2,584	
Customer accounts	**3,266**	**250,411**	623	272,786
— key management personnel of the entity or its parent	**1,840**		381	
— other related parties	**1,426**		242	

(in Kazakhstani tenge and in millions)

Included in the income statement for the years ended 31 March 2007 and 31 March 2006 are the following amounts which arose due to transactions with related parties:

	Three-month period ended 31 March 2007		*Three-month period ended 31 March 2006*	
	Related party balances	*Total category as per financial information caption*	*Related party balances*	*Total category as per financial information caption*
	(unaudited)		*(unaudited)*	
Interest income	**242**	**36,245**	102	9,442
— *the parent*	**214**		69	
— *other related parties*	**21**		26	
— *key management personnel of the entity or its parent*	**7**		7	
Interest expense	**—**	**(19,365)**	7	(6,176)
— *the parent*	**—**		—	
— *other related parties*	**—**		7	
— *key management personnel of the entity or its parent*	**—**		—	
Operating expenses	**(220)**	**(4,133)**	(38)	(1,521)
— *key management personnel of the entity or its parent*	**(96)**		(31)	
— *other related parties*	**(124)**		(7)	
Fee and commission income	**16**	**2,029**	1	1,391
— *the parent*	**16**		1	
— *other related parties*			—	
Fee and commission expense	**(1,825)**	**(2,183)**	—	(146)
— *other related parties*	**(1,825)**		—	
Key management personnel compensation				
short-term employee benefits, including pension fund payments	**41**	**1,629**	34	644

25. Segment Reporting

The Bank's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business segments

The Bank is organized on the basis of three main business segments:

Retail banking — representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

Corporate banking — representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

Investment banking — representing financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

(in Kazakhstani tenge and in millions)

Segment information about these businesses is presented below.

	Retail banking	*Corporate banking*	*Investment banking*	*Unallocated*	*Eliminations*	*Three-month period ended 31 March 2007*
						(unaudited)
External operating revenue	16,333	11,630	(12,775)	(98)	—	**15,090**
Income from other segments	—	—	11,928	—	(11,928)	**—**
Expenses from other segments	(5,529)	(6,399)	—	—	11,928	**—**
Total operating income	10,804	5,231	(847)	(98)	—	**15,090**
Operating expenses	(2,694)	(1,061)	(172)	(206)	—	**(4,133)**
Operating profit	8,110	4,170	(1,019)	(304)	—	**10,957**
Other provisions	—	(138)	—	(46)	—	**(184)**
Profit before tax	8,110	4,032	(1,019)	(350)	—	**10,773**
Income tax expense	—	—	—	(2,466)	—	**(2,466)**
Net profit	8,110	4,032	(1,019)	(2,816)	—	**8,307**
Segment assets	313,461	384,266	400,017	348,293	(334,227)	**1,111,810**
Segment liabilities	284,513	348,397	697,174	13,378	(334,227)	**1,009,235**
Other segment items						
Depreciation expense	(265)	(122)	(15)	(39)	—	**(441)**
External interest income	22,263	11,158	2,824	—	—	**36,245**
Internal interest income			11,928		(11,928)	**—**
External interest expense	(2,523)	(1,640)	(15,102)	(100)	—	**(19,365)**
Internal interest expense	(5,529)	(6,399)			11,928	**—**
(Provisions)/recovery of provision for impairment losses on interest bearing assets	(2,310)	281	—	—	—	**(2,029)**
Fee and commission income	600	1,419	10	—	—	**2,029**
Fee and commission expense	(2,054)	(93)	(36)	—	—	**(2,183)**
Loans to customers	313,481	377,593	—	—	—	**691,074**
Property, equipment and intangible assets	—	—	—	14,066	—	**14,066**
Customer accounts	119,473	130,938	—	—	—	**250,411**
Capital expenditures	546	669	722	—	—	**1,937**

(in Kazakhstani tenge and in millions)

For the three-month period ended 31 March 2007

	Retail banking	*Corporate banking*	*Investment banking*	*Unallocated*	*Eliminations*	*Three-month period ended 31 March 2006*
						(unaudited)
External operating revenue	1,555	3,055	(2,851)	29	—	1,788
Income from other segments	—	—	2,207	—	(2,207)	—
Expense on other segments	(500)	(1,707)	—	—	2,207	—
Total operating income	1,055	1,348	(644)	29	—	1,788
Operating expenses	(841)	(456)	(94)	(130)	—	(1,521)
Operating profit	214	892	(738)	(101)	—	267
Other provisions	—	(77)	—	(103)	—	(180)
Profit before tax	214	815	(738)	(204)	—	87
Income tax expense				(183)	—	(183)
Net profit	214	815	(738)	(387)	—	(96)
Other segment items						
Depreciation expense	(67)	(42)	(6)	(13)	—	(128)
External interest income	3,296	4,906	1,240	—	—	9,442
Internal interest income	—	—	2,207	—	(2,207)	—
External interest expense	(985)	(1,566)	(3,625)	—	—	(6,176)
Internal interest expense	(500)	(1,707)	—	—	2,207	—
Provision for impairment losses on interest bearing assets	(1,256)	(1,337)	—	—	—	(2,593)
Fee and commission income	428	961	2	—	—	1,391
Fee and commission expense	(40)	(94)	(12)	—	—	(146)
Capital expenditure	87	134	59	—	—	280

	Retail banking	*Corporate banking*	*Investment banking*	*Unallocated*	*Eliminations*	*31 December 2006*
Segment assets	286,235	440,204	181,529	255,507	(242,725)	920,750
Segment liabilities	112,052	320,186	408,474	221,625	(221,625)	840,712
Loans to customers	269,351	365,196	—	—	—	634,547
Property, equipment and intangible assets	—	—	—	12,782	—	12,782
Customer accounts	107,886	164,900	—	—	—	272,786

Geographical segments

Segment information for the main geographical segments of the Bank is set out below as at 31 March 2007 and for three-month period then ended and as at 31 December 2006 and for three-month period ended 31 March 2006.

	Kazakhstan	*Other non-OECD countries*	*OECD countries*	*31 March 2007 Total*
				(unaudited)
External operating revenue	11,282	784	3,024	**15,090**
External net profit	7,487	168	652	**8,307**
Assets	839,467	228,451	43,892	**1,111,810**
Liabilities	323,117	651,479	34,639	**1,009,235**
Capital expenditure	1,937	—	—	**1,937**

(in Kazakhstani tenge and in millions)

	Kazakhstan	*Other non-OECD countries*	*OECD countries*	*Three-month period ended 31 March 2006 Total*
				(unaudited)
External operating revenue	1,158	122	508	1,788
External net profit	(271)	142	33	(96)
Capital expenditure	280	—	—	280

	Kazakhstan	*Other non-OECD countries*	*OECD countries*	*31 December 2006 Total*
Assets	752,517	28,898	139,335	920,750
Liabilities	337,637	33,753	469,322	840,712

External operating income, assets, capital expenditure have generally been allocated based on domicile of the counterparty. Tangible assets (cash on hand, precious metals, premises and equipment) have been allocated based on the country in which they are physically held.

26. Fair Value of Financial Instruments

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a market exchange from the sale of its full holdings of a particular instrument.

	31 March 2007		*31 December 2006*	
	Current value	*Fair value*	*Current value*	*Fair value*
	(unaudited)			
Cash and balances with the National bank of the Republic of Kazakhstan	**118,177**	**118,177**	99,594	99,594
Financial assets at fair value through profit or loss	**186,754**	**186,754**	133,745	133,745
Due from banks	**81,143**	**81,143**	23,951	23,951
Investment available-for-sale	**5,014**	**5,014**	5,176	5,176
Investment held-to-maturity	**43**	**43**	43	43
Due to banks	**366,721**	**366,721**	363,005	363,005
Due to other financial institutions	**25,656**	**25,656**	25,174	25,174
Customer accounts	**250,411**	**250,411**	272,786	272,786
Debt securities issued	**322,555**	**309,723**	139,249	138,331
Subordinated debt	**31,896**	**30,961**	32,614	33,266

The fair value of loans to customers can not be measured reliably as it is not practicable to obtain market information or apply any other valuation techniques on such instruments.

27. Risk Management Policies

Management of risk is fundamental to the banking business and is an essential element of the Bank's operations. The main risks inherent to the Bank operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Bank risk management policies in relation to those risks follows.

The Bank manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

(in Kazakhstani tenge and in millions)

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimization. Risk Management Department performs determination of the optimal structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

Cash flow interest rate risk

Cash flow interest rate risk — the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Treasury Department performs management of interest rate risks through determination of the transferring rates and general rates of borrowed and allocated resources, which enables the Bank to avoid negative interest margin. Risk Management Department develops limits for interest gaps and performs monitoring of spread level and net interest margin. Assets and Liabilities Management Committee approves limits on interest gaps, transferring rates and general interest rates for borrowed and allocated resources.

Currently, a considerable part of customer deposits are repayable on demand. However, the fact that these deposits are diversified by the number and type of customers and the Bank previous experience indicate that these deposits is a stable and long-term source of finance for the Bank.

The following table presents an analysis of interest rate risk and thus the potential of the Bank for gain or loss. Effective average interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Bank.

	31 March 2007				
	KZT	*USD*	*EURO*	*RUR*	*Other currencies*
	(unaudited)				
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	**5.3**	**—**	**—**	**—**	**—**
Financial assets at fair value through profit or loss	**4.9**	**4.4**	**5.3**	**—**	**—**
Due from banks	**6.3**	**6.3**	**5.0**	**0.5**	**5.9**
Loans to customers	**24.3**	**12.7**	**10.8**	**6.1**	**11.2**
Investments available-for-sale	**8.5**	**4.6**	**—**	**—**	**—**
Investments held-to-maturity	**8.4**	**—**	**—**	**—**	**—**
LIABILITIES					
Deposit from the National Bank of the Republic of Kazakhstan	**4.5**	**—**	**—**	**—**	**—**
Due to banks	**9.8**	**8.5**	**7.3**	**8.9**	**11.2**
Due to other financial institutions	**—**	**8.1**	**—**	**—**	**—**
Customer accounts	**7.7**	**5.3**	**5.7**	**0.3**	**—**
Debt securities issued	**9.6**	**11.1**	**—**	**—**	**—**
Subordinated debt	**11.5**	**11.2**	**—**	**—**	**—**

	31 December 2006				
	KZT	*USD*	*EURO*	*RUR*	*Other currencies*
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	2.9	—	—	—	—
Financial assets at fair value through profit or loss	4.9	4.5	5.2	—	1.9
Due from banks	1.7	4.7	2.7	0.9	—
Loans to customers	21.8	12.9	10.1	17.4	11.2
Investments available-for-sale	8.3	6.9	—	—	—
Investments held-to-maturity	6.3	—	—	—	—
LIABILITIES					
Due to banks	8.1	8.0	6.9	8.6	5.2
Due to other financial institutions	—	8.0	—	—	—
Customer accounts	6.1	6.1	7.3	0.1	—
Debt securities issued	9.3	10.8	—	—	—
Subordinated debt	10.7	11.5	—	—	—

(in Kazakhstani tenge and in millions)

The analysis of interest rate and liquidity risk on balance sheet transactions is presented in the following table:

	Up to 1 month	*1 month to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Maturity undefined*	*31 March 2007 Total*
							(unaudited)
ASSETS							
Cash and balances with the National Bank of the Republic of Kazakhstan	46,026	—	—	—	—	—	**46,026**
Financial assets at fair value through profit or loss	165,665	434	940	8,246	11,469	—	**186,754**
Due from banks	76,816	2,459	600	1,268	—	—	**81,143**
Loans to customers	18,190	16,719	56,684	412,923	186,558	—	**691,074**
Investments available-for-sale	2,793	201	253	1,271	420	—	**4,938**
Investments held to maturity	43	—	—	—	—	—	**43**
Total interest bearing assets	309,533	19,813	58,477	423,708	198,447	—	**1,009,978**
Cash and balances with the National Bank of the Republic of Kazakhstan	72,151	—	—	—	—	—	**72,151**
Investments available-for-sale	—	—	—	—	—	76	**76**
Property, equipment and intangible assets	—	—	—	—	—	14,066	**14,066**
Other assets	8,476	7,063	—	—	—	—	**15,539**
TOTAL ASSETS	390,160	26,876	58,477	423,708	198,447	14,142	**1,111,810**
LIABILITIES							
Deposit from the National Bank of the Republic of Kazakhstan	—	2,000	2,000	—	—	—	**4,000**
Due to banks	17,000	53,532	148,827	132,464	14,898	—	**366,721**
Due to other financial institutions	1,858	3,553	9,489	10,756	—	—	**25,656**
Customer accounts	30,259	6,969	76,244	81,359	2,921	—	**197,752**
Debt securities issued	1,058	—	—	278,857	42,640	—	**322,555**
Subordinated debt	1,158	—	—	5,298	21,804	3,636	**31,896**
Total interest bearing liabilities	51,333	66,054	236,560	508,734	82,263	3,636	**948,580**
Customer accounts	52,659	—	—	—	—	—	**52,659**
Deferred income tax liabilities	709	—	—	—	—	—	**709**
Current income tax liabilities	2,268	—	—	—	—	—	**2,268**
Other liabilities	4,039	346	—	—	—	634	**5,019**
TOTAL LIABILITIES	111,008	66,400	236,560	508,734	82,263	4,270	**1,009,235**
Liquidity gap	279,152	(39,524)	(178,083)	(85,026)	116,184		
Interest sensitivity gap	258,200	(46,241)	(178,083)	85,026	116,184		
Cumulative interest sensitivity gap	258,200	211,959	33,876	(51,150)	65,034		
Cumulative interest sensitivity gap as a percentage of total assets	23.2%	19.1%	3.0%	(4.6)%	5.8%		

(in Kazakhstani tenge and in millions)

For the three-month period ended 31 March 2007

	Up to 1 month	*1 month to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Maturity undefined*	*31 December 2006 Total*
ASSETS							
Financial assets at fair value through profit or loss	107,802	325	537	7,312	17,769	—	133,745
Due from banks	15,950	1,121	600	665	—	—	18,336
Loans to customers	35,987	4,120	99,509	352,314	142,617	—	634,547
Investments available-for-sale	2,893	40	202	1,540	425	—	5,100
Investments held-to-maturity	—	—	43	—	—	—	43
Total interest bearing assets	162,632	5,606	100,891	361,831	160,811	—	791,771
Cash and balances with the National Bank of the Republic of Kazakhstan	99,594	—	—	—	—	—	99,594
Due from banks	5,615	—	—	—	—	—	5,615
Investments available-for-sale	—	—	—	—	—	76	76
Property, equipment and intangible assets	—	—	—	—	—	12,782	12,782
Non-current assets held-for-sale	—	1,008	—	—	—	—	1,008
Other assets	3,061	2,831	4,012	—	—	—	9,904
TOTAL ASSETS	270,902	9,445	104,903	361,831	160,811	12,858	920,750
LIABILITIES							
Deposit from the National Bank of the Republic of Kazakhstan	2,000	—	—	—	—	—	2,000
Due to banks	25,989	14,526	173,260	149,224	—	—	362,999
Due to other financial institutions	1,381	3,086	15,938	4,769	—	—	25,174
Customer accounts	51,034	10,871	65,932	82,580	3,182	—	213,599
Debt securities issued	6,260	—	—	89,355	43,634	—	139,249
Subordinated debt	653	—	—	5,213	4,351	22,397	32,614
Total interest bearing liabilities	87,317	28,483	255,130	331,141	51,167	22,397	775,635
Due to banks	6	—	—	—	—	—	6
Customer accounts	59,187	—	—	—	—	—	59,187
Deferred income tax liabilities	1,100	—	—	—	—	—	1,100
Current income tax liabilities	912	—	—	—	—	—	912
Other liabilities	1,972	1,394	—	—	—	506	3,872
TOTAL LIABILITIES	150,494	29,877	255,130	331,141	51,167	22,903	840,712
Liquidity gap	120,408	(20,432)	(150,227)	30,690	109,644		
Interest sensitivity gap	75,315	(22,877)	(154,239)	30,690	109,644		
Cumulative interest sensitivity gap	75,315	52,438	(101,801)	(71,111)	38,533		
Cumulative interest sensitivity gap as a percentage of total assets	8.2%	5.7%	(11.1)%	(7.7)%	4.2%		

(in Kazakhstani tenge and in millions)

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Treasury Department performs currency risk management through management of open currency position, which enables the Bank to minimize losses from significant fluctuations of exchange rates of national and foreign currencies. Risk Analysis and Management Department determines limits on open currency positions, arbitrary positions and stop-loss. All limits and restrictions are approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring.

The Bank's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	*USD USD 1 = KZT 123.84*	*EURO EURO 1 = KZT 164.87*	*Other currencies*	*31 March 2007 Total*
					(unaudited)
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	62,253	5,045	1,522	49,357	**118,177**
Financial assets at fair value through profit or loss	75,065	107,540	3,214	935	**186,754**
Due from banks	2,681	65,708	12,588	166	**81,143**
Loans to customers	360,625	302,268	27,509	672	**691,074**
Investments available-for-sale	3,306	1,708	—	—	**5,014**
Investments held-to-maturity	—	43	—	—	**43**
Property, equipment and intangible assets	14,066	—	—	—	**14,066**
Other assets	14,992	231	176	140	**15,539**
TOTAL ASSETS	532,988	482,543	45,009	51,270	**1,111,810**
LIABILITIES					
Deposit from the National Bank of the Republic of Kazakhstan	4,000	—	—	—	**4,000**
Due to banks	89,399	261,372	15,406	544	**366,721**
Due other financial institutions	—	25,656	—	—	**25,656**
Customer accounts	215,041	33,218	1,789	363	**250,411**
Debt securities issued	17,816	119,656	123,983	61,100	**322,555**
Deferred income tax liabilities	709	—	—	—	**709**
Current income tax liabilities	2,268	—	—	—	**2,268**
Other liabilities	4,628	197	164	30	**5,019**
Subordinated debt	11,567	20,329	—	—	**31,896**
TOTAL LIABILITIES	345,428	460,428	141,342	62,037	**1,009,235**
NET POSITION	187,560	22,115	(96,333)	(10,767)	

(in Kazakhstani tenge and in millions)

For the three-month period ended 31 March 2007

	KZT	*USD USD 1 = KZT 127.00*	*EURO EURO 1 = KZT 167.12*	*Other currencies*	*31 December 2006 Total*
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	68,701	4,909	1,134	24,850	99,594
Financial assets at fair value through profit or loss	36,304	95,825	1,394	222	133,745
Due from banks	6,521	12,948	1,005	3,477	23,951
Loans to customers	350,854	270,211	12,908	574	634,547
Investments available-for-sale	3,408	1,768	—	—	5,176
Investments held-to-maturity	—	43	—	—	43
Property, equipment and intangible assets	12,782	—	—	—	12,782
Non-current assets held-for-sale	—	—	—	1,008	1,008
Other assets	8,140	1,625	116	23	9,904
TOTAL ASSETS	486,710	387,329	16,557	30,154	920,750
LIABILITIES					
Deposit from the National Bank of the Republic of Kazakhstan	2,000	—	—	—	2,000
Due to banks	113,751	235,430	13,465	359	363,005
Due to other financial institutions	—	25,174	—	—	25,174
Customer accounts	201,227	67,075	4,291	193	272,786
Debt securities issued	17,790	121,459	—	—	139,249
Deferred income tax liabilities	1,100	—	—	—	1,100
Current income tax liabilities	912	—	—	—	912
Other liabilities	3,362	222	205	83	3,872
Subordinated debt	11,843	20,771	—	—	32,614
TOTAL LIABILITIES	351,985	470,131	17,961	635	840,712
NET POSITION	134,725	(82,802)	(1,404)	29,519	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 31 March 2007 and 31 December 2006:

	KZT	*USD USD 1 = KZT 123.84*	*EURO EURO 1 = KZT 164.87*	*Other currencies*	*31 March 2007 Total*
					(unaudited)
Accounts payable on spot and derivative contracts	78,663	217,702	254	49,283	**345,902**
Accounts receivable on spot and derivative contracts	1,568	188,717	94,923	63,807	**349,015**
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(77,095)	(28,985)	94,669	14,524	
TOTAL NET POSITION	110,465	(6,870)	(1,664)	3,757	

	KZT	*USD USD 1 = 127.00 KZT*	*EURO EURO 1 = 167.12 KZT*	*Other currencies*	*31 December 2006 Total*
Accounts payable on spot and derivative contracts	53,227	76,507	1,807	24,861	156,402
Accounts receivable on spot and derivative contracts	384	157,299	917	—	158,600
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(52,843)	80,792	(890)	(24,861)	
TOTAL NET POSITION	81,882	(2,010)	(2,294)	4,658	

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Bank is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Bank manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Bank manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Bank's current financial performance, estimates the Bank's sensitivity to changes in fair value interest rates and its influence on the Bank's profitability.

Credit risk

The Bank is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Assets and Liabilities Management Committee sets limits on size and structure of risk assets. The Credit Committee approves each new loan and lease, and any changes and amendments to such agreements. The Credit Department performs current monitoring.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, to industry and geographical segments. Limits on the level of credit risk by borrower, product, industry sector and by region are approved by the Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Bank obtains collateral and corporate and personal guaranties. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

The Bank's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance sheet operations.

(in Kazakhstani tenge and in millions)

Geographical concentration

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	*OECD countries*	*Non-OECD countries*	*31 March 2007 Total*
				(unaudited)
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	118,177	—	—	**118,177**
Financial assets at fair value through profit or loss	43,069	138,484	5,201	**186,754**
Due from banks	3,647	74,150	3,346	**81,143**
Loans to customers	642,523	13,416	35,135	**691,074**
Investments available-for-sale	5,014	—	—	**5,014**
Investments held to maturity	43	—	—	**43**
Property, equipment and intangibles assets	14,066	—	—	**14,066**
Other assets	11,397	3,932	210	**15,539**
TOTAL ASSETS	837,936	229,982	43,892	**1,111,810**
LIABILITIES				
Deposit from the National Bank of the Republic of Kazakhstan	4,000	—	—	**4,000**
Due to banks	15,789	319,493	31,439	**366,721**
Due to other financial institutions	—	25,656		**25,656**
Customer accounts	246,367	851	3,193	**250,411**
Debt securities issued	36,793	285,762	—	**322,555**
Deferred income tax liabilities	709	—	—	**709**
Current income tax liabilities	2,268	—	—	**2,268**
Other liabilities	4,857	155	7	**5,019**
Subordinated debt	12,334	19,562	—	**31,896**
TOTAL LIABILITIES	323,117	651,479	34,639	**1,009,235**
NET POSITION	514,819	(421,497)	9,253	

(in Kazakhstani tenge and in millions)

	Kazakhstan	*OECD countries*	*Non-OECD countries*	*31 December 2006 Total*
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	99,594	—	—	99,594
Financial assets at fair value through profit or loss	22,988	110,757	—	133,745
Due from banks	5,340	17,115	1,496	23,951
Loans to customers	597,178	11,224	26,145	634,547
Investments available-for-sale	5,176	—	—	5,176
Investments held-to-maturity	43	—	—	43
Property, equipment and intangible assets	12,782	—	—	12,782
Non-current assets held-for-sale	—	—	1,008	1,008
Other assets	9,632	23	249	9,904
TOTAL ASSETS	752,733	139,119	28,898	920,750
LIABILITIES				
Deposit from the National Bank of the Republic of Kazakhstan	2,000	—	—	2,000
Due to banks	45,479	284,971	32,555	363,005
Due to other financial institutions	—	25,174	—	25,174
Customer accounts	252,289	19,338	1,159	272,786
Debt securities issued	17,790	121,459	—	139,249
Deferred income tax liabilities	1,100	—	—	1,100
Current income tax liabilities	912	—	—	912
Other liabilities	3,814	19	39	3,872
Subordinated debt	14,253	18,361	—	32,614
TOTAL LIABILITIES	337,637	469,322	33,753	840,712
NET POSITION	415,096	(330,203)	(4,855)	

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Joint Stock Company Alliance Bank

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on page F-42, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Joint Stock Company ("JSC") Alliance Bank and its subsidiary (together, the "Bank"),

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Bank as at 31 December 2006, 2005 and 2004 the results of its operations, cash flows and changes in equity for the years then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the note to the consolidated financial statements; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Bank;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank, and which enable them to ensure that the consolidated financial statements of the Bank comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the years ended 31 December 2006, 2005 and 2004 were authorized for issue on 2 April 2007 by the Management Board of the Bank.

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

6 April 2007
Almaty

/s/ Mamyrbekov A.T

Mamyrbekov A.T
Chief Accountant

6 April 2007
Almaty

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Joint Stock Company Alliance Bank:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Joint Stock Company Alliance Bank and its subsidiary (together, the "Bank"), which comprise the consolidated balance sheets as at 31 December 2006, 2005 and 2004, the consolidated income statements, statements of changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of JSC Alliance Bank and its subsidiary as at 31 December 2006, 2005 and 2004 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Arman Chingilbayev

Arman Chingilbayev
Engagement Partner
Qualified auditor
Qualification certificate No0000487,
Republic of Kazakhstan

Deloitte, LLP

Deloitte, LLP
Audit license for Republic of Kazakhstan
No0000015, type MFU — 2 issued by the Ministry of finance of the Republic of Kazakhstan dated
13 September 2006

/s/ Nurlan Bekenov

Nurlan Bekenov
General Director
Deloitte, LLP

6 April 2007
Almaty, Republic of Kazakhstan

CONSOLIDATED INCOME STATEMENTS

For the years ended 31 December 2006, 2005 and 2004

(in Kazakhstani tenge and in millions, except for earnings per share which is in tenge)

	Notes	*Year ended 31 December 2006*	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Interest income	5, 32	**80,193**	17,858	6,973
Interest expense	5, 32	**(40,350)**	(11,604)	(4,205)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		**39,843**	6,254	2,768
Provision for impairment losses on interest bearing assets	6	**(14,032)**	(4,921)	(1,305)
NET INTEREST INCOME		**25,811**	1,333	1,463
Net gain on financial assets at fair value through profit or loss	7	**334**	266	127
Net gain on foreign exchange operations	8	**1,642**	620	46
Fee and commission income	9, 32	**6,019**	2,942	1,380
Fee and commission expense	9, 32	**(3,390)**	(440)	(113)
Other income	10	**853**	846	247
NET NON-INTEREST INCOME		**5,458**	4,234	1,687
OPERATING INCOME		**31,269**	5,567	3,150
OPERATING EXPENSES	11, 32	**(11,301)**	(4,188)	(2,261)
OPERATING PROFIT		**19,968**	1,379	889
Other provisions	6	**(356)**	(139)	(28)
PROFIT BEFORE INCOME TAX		**19,612**	1,240	861
Income tax (expense)/benefit	12	**(5,602)**	356	—
NET PROFIT		**14,010**	1,596	861
Attributable to:				
Preference Shareholders		**—**	49	60
Ordinary Shareholders		**14,010**	1,547	801
		14,010	1,596	861
EARNINGS PER SHARE				
Basic and diluted (KZT)	13	**4,623.67**	903.73	1,715.98

On behalf of the Management Board of the Bank:

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

2 April 2007
Almaty

/s/ Mamyrbekov A.T.

Mamyrbekov A.T.
Chief Accountant

2 April 2007
Almaty

The notes on pages F-49 - F-95 form an integral part of these consolidated financial statements.
The Independent Auditors' Report is set out on page F-42.

CONSOLIDATED BALANCE SHEETS

As at 31 December 2006, 2005 and 2004

(in Kazakhstani tenge and in millions)

	Notes	*31 December 2006*	*31 December 2005*	*31 December 2004*
Assets:				
Cash and balances with the National Bank of the Republic of Kazakhstan	14	**99,594**	42,327	19,631
Financial assets at fair value through profit or loss	15	**133,745**	79,283	31,324
Due from banks	16, 32	**23,951**	10,238	2,198
Loans to customers	17, 32	**634,547**	184,079	58,424
Investments available-for-sale	18	**5,176**	11,109	5,467
Investments held-to-maturity	19	**43**	463	1,260
Property, equipment and intangible assets	20	**12,782**	2,181	1,036
Non-current assets held-for-sale	21	**1,008**	—	—
Income tax assets	12	**—**	559	116
Other assets	22	**9,904**	2,519	404
Total Assets		**920,750**	332,758	119,860
Liabilities and Equity				
Liabilities:				
Deposit from the National Bank of the Republic of Kazakhstan		**2,000**	6,000	4,000
Due to banks	23	**363,005**	98,780	26,056
Due to other financial institutions	24	**25,174**	987	—
Customer accounts	25	**272,786**	139,233	67,737
Debt securities issued	26	**139,249**	53,488	1,999
Income tax liabilities	12	**2,012**	—	—
Other liabilities	27	**3,872**	889	207
Subordinated debt	28	**32,614**	5,349	3,873
Total liabilities		**840,712**	304,726	103,872
Equity:				
Share capital	29	**60,013**	24,904	14,994
Additional paid-in-capital		**1,222**	—	—
Investments available-for-sale fair value reserve		**80**	204	38
Property revaluation reserve		**2,255**	491	73
Retained earnings		**16,468**	2,433	883
Total equity		**80,038**	28,032	15,988
Total Liabilities and Equity		**920,750**	332,758	119,860

On behalf of the Management Board of the Bank

/s/ Kereibayev D. Zh.	/s/ Mamyrbekov A.T.
Kereibayev D. Zh.	**Mamyrbekov A.T.**
Chairman of the Management Board	**Chief Accountant**
2 April 2007	2 April 2007
Almaty	Almaty

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2006, 2005 and 2004

(in Kazakhstani tenge and in millions)

	Share capital	*Additional paid-in-capital*	*Investments available-for-sale fair value reserve*	*Property revaluation reserve*	*Retained earnings*	*Total Equity*
31 December 2003	3,575	—	—	76	79	3,730
Depreciation of property revaluation reserve	—	—	—	(3)	3	—
Gain on revaluation of investments available-for-sale	—	—	39	—	—	39
Gain transferred to income statement on sale of investments available-for-sale	—	—	(1)	—	—	(1)
Net recognized directly inequity	—	—	38	(3)	3	38
Net profit	—	—	—	—	861	861
Total recognised income and expense for the year	—	—	38	(3)	864	899
Dividends declared on preference shares	—	—	—	—	(60)	(60)
Issue of ordinary shares	11,049	—	—	—	—	11,049
Issue of preference shares	500	—	—	—	—	500
Ordinary share repurchased	(130)	—	—	—	—	(130)
31 December 2004	14,994	—	38	73	883	15,988
Gain on revaluation of property	—	—	—	421	—	421
Depreciation of property revaluation reserve	—	—	—	(3)	3	—
Gain on revaluation of investments available-for-sale	—	—	172	—	—	172
Gain transferred to income statement on sale of investments available-for-sale	—	—	(6)	—	—	(6)
Net recognized directly in equity	—	—	166	418	3	587
Net profit	—	—	—	—	1,596	1,596
Total recognised income and expense for the year	—	—	166	418	1,599	2,183
Dividends declared on preference shares	—	—	—	—	(49)	(49)
Issue of ordinary shares	9,918	—	—	—	—	9,918
Preference share repurchase	(8)	—	—	—	—	(8)
31 December 2005	24,904	—	204	491	2,433	28,032

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2006, 2005 and 2004

(in Kazakhstani tenge and in millions)

	Share capital	*Additional paid-in-capital*	*Investments available-for-sale fair value reserve*	*Property revaluation reserve*	*Retained earnings*	*Total Equity*
Gain on revaluation of property, net of deferred tax of KZT 766 million	—	—	—	1,789	—	1,789
Depreciation of property revaluation reserve	—	—	—	(25)	25	—
Gain transferred to income statement on sale of investments available-for-sale	—	—	(2)	—	—	(2)
Loss on revaluation of investments available-for-sale	—	—	(122)	—	—	(122)
Net recognized directly in equity	—	—	(124)	1,764	25	1,665
Net profit	—	—	—	—	14,010	14,010
Total recognised income and expense for the year	—	—	(124)	1,764	14,035	15,675
Reclassification of preference shares	(492)	1,222	—	—	—	730
Issue of ordinary shares	35,601	—	—	—	—	35,601
31 December 2006	60,013	1,222	80	2,255	16,468	80,038

On behalf of the Management Board of the Bank

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

2 April 2007
Almaty

/s/ Mamyrbekov A.T

Mamyrbekov A.T
Chief Accountant

2 April 2007
Almaty

The notes on pages F-49 - F-95 form an integral part of these consolidated financial statements.
The Independent Auditors' Report is set out on page F-42.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2006, 2005 and 2004

(in Kazakhstani tenge and in millions)

	Notes	***Year ended 31 December 2006***	***Year ended 31 December 2005***	***Year ended 31 December 2004***
Cash flows from operating activities:				
Profit before income tax		**19,612**	1,240	861
Adjustments for:				
Provision for impairment losses on interest bearing assets		**14,032**	4,921	1,305
Other provisions		**356**	139	28
Unrealized (gain)/loss and amortization of premiums on securities		**(1,110)**	132	72
Net change in fair value of derivative financial instruments		**(2,198)**	—	—
Amortization of discount on issued securities		**235**	92	33
Depreciation and amortization		**696**	271	155
Changes in interest accruals, net		**(3,309)**	(2,067)	(658)
Unrealized loss on foreign exchange operations		**1,033**	134	19
Changes in operating assets and liabilities:				
Due from banks		**557**	(5,955)	(336)
Financial assets at fair value through profit or loss		**(53,116)**	(47,682)	(29,667)
Loans to customers		**(456,536)**	(127,303)	(28,539)
Other assets		**(7,339)**	(1,293)	(106)
Deposit from the National Bank of the Republic of Kazakhstan		**(4,000)**	2,000	3,000
Due to banks		**260,528**	72,370	20,953
Due to other financial institutions		**23,886**	987	—
Customer accounts		**134,744**	70,534	30,464
Other liabilities		**2,096**	568	69
Cash outflow from operating activities before taxation		**(69,833)**	(30,912)	(2,347)
Income tax paid		**(3,797)**	(87)	(24)
Net cash outflow from operating activities		**(73,630)**	(30,999)	(2,371)
Cash flows from investing activities:				
Purchase of property, equipment and intangible assets		**(8,950)**	(1,018)	(457)
Proceeds on sale of property, equipment and intangible assets		**210**	23	14
(Increase)/decrease in receivables of capital investments		**(680)**	(825)	15
Purchase of investments available-for-sale		**(293,581)**	(189,656)	(59,954)
Proceeds on sale of investments available-for-sale		**299,301**	184,101	59,373
Purchase of investments held-to-maturity		**—**	—	(3,016)
Proceeds on maturity of investments held-to-maturity		**414**	793	8,606
Sale of investments in associates		**—**	—	50
Net cash (outflow)/inflow from investing activities		**(3,286)**	(6,582)	4,631

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2006, 2005 and 2004

(in Kazakhstani tenge and in millions)

	Notes	***Year ended 31 December 2006***	***Year ended 31 December 2005***	***Year ended 31 December 2004***
Cash flows from financing activities:				
Issue of ordinary share capital		**35,601**	9,918	11,049
Ordinary share repurchase		**—**	—	(130)
Issue of preference share capital		**—**	—	500
Preference shares repurchased		**—**	(8)	—
Proceeds from debt securities issued		**84,920**	50,999	1,662
Issue of subordinated debt		**27,810**	1,445	1,149
Dividends paid		**(49)**	(60)	—
Net cash inflow from financing activities		**148,282**	62,294	14,230
Effect of changes in foreign exchange rate on cash and cash equivalents		**151**	32	(13)
Net increase in cash and cash equivalents		**71,517**	24,745	16,477
Cash and cash equivalents, beginning of year	14	**45,192**	20,447	3,970
Cash and cash equivalents, end of year	14	**116,709**	45,192	20,447

Interest received and paid by the Bank during the year ended 31 December 2006 amounted to KZT 70,584 million and KZT 34,049 million, respectively.

Interest received and paid by the Bank during the year ended 31 December 2005 amounted to KZT 14,350 million and KZT 10,158 million, respectively.

Interest received and paid by the Bank during the year ended 31 December 2004 amounted to KZT 6,332 million and KZT 4,211 million, respectively.

On behalf of he Management Board of the Bank

/s/ Kereibayev D. Zh.

Kereibayev D. Zh.
Chairman of the Management Board

2 April 2007
Almaty

/s/ Mamyrbekov A.T.

Mamyrbekov A.T.
Chief Accountant

2 April 2007
Almaty

The notes on pages F-49 - F-95 form an integral part of these consolidated financial statements.
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(in Kazakhstani tenge and in millions)

1. Organisation

Joint Stock Company ("JSC") Alliance Bank was incorporated in the Republic of Kazakhstan in 1999 under the name of Open Joint Stock Company ("OJSC") Irtyshbusinessbank as a result of a merger of ("OJSC") Semipalatinsk Municipal Joint-Stock Bank and OJSC Irtyshbusinessbank. In accordance with a decision made by Shareholders Alliance Bank was renamed from Irtyshbusinessbank to Alliance Bank on 30 November 2001 with a subsequent registration on 13 March 2002 as Open Joint Stock Company Alliance Bank. On 13 March 2004 Alliance Bank was re-registered as Joint Stock Company Alliance Bank.

The registered address of JSC Alliance Bank's Head Office is 80, Satpayev St., 050046, Almaty, the Republic of Kazakhstan. JSC Alliance Bank's activity is regulated by the National Bank of the Republic of Kazakhstan ("NBRK") and the Agency of the Republic of Kazakhstan on Financial Market and Financial Organizations Supervision and Regulation ("Supervisory Agency"). JSC Alliance Bank conducts its business under the license No. 250 issued by Supervisory Agency on 24 January 2006 for performing operations in tenge and foreign currencies stipulated by the banking legislation.

JSC Alliance Bank's primary business is related to commercial banking activity, originating loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services.

In 2002, Alliance Bank joined the Kazakhstan Deposits Insurance Fund ("KDIF"). The primary goal of the KDIF is to protect interests of depositors in the event of forcible liquidation of a member-bank. Depositors can receive limited insurance coverage for the deposit, which fluctuates from 100% to 20%, depending on the amount of the deposit.

At the end of 2006, JSC Alliance Bank had 21 branches and 162 mini-branches in the Republic of Kazakhstan.

JSC Alliance Bank is a parent company of the ALB Finance B.V (together, the "Bank") and it owns 100% of shares of the subsidiary.

ALB Finance B.V. is a limited liability partnership (B.V.) and operates under laws of the Kingdom of Netherlands since October 2005. The Company was established for the primary purpose of raising funds for the Bank on foreign capital markets.

As of 31 December, the following shareholders individually owned more than 5% of the issued shares:

Shareholders	*2006 %*	*2005 %*	*2004 %*
Ultimate shareholders:			
Margulan Seisembayev	**25.32**	10.89	3.24
Erlan Seisembayev	**25.32**	10.88	3.23
Askar Galin	**25.31**	10.88	3.23
Total ultimate shareholders	**75.95**	32.65	9.70
JSC Rakhat	**—**	9.80	—
Other (individually hold less than 5%)	**24.05**	57.55	90.30
Total	**100.00**	100.00	100.00

These financial statements were authorized for issue by the Management Board of the Bank on 2 April 2007.

2. Basis of Presentation

Accounting basis

These consolidated financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements are presented in millions of Kazakhstani Tenge ("KZT million"), unless otherwise indicated. These consolidated financial statements have been prepared under the historical cost conversion, except for the measurement at fair value of certain financial instruments and measurement of buildings at revalued amounts according to International Accounting Standard ("IAS") No. 16 "Property, Plant and Equipment".

The Bank maintains their accounting records in accordance with IFRS, while its foreign subsidiary maintains accounting records in accordance with the requirements of the Kingdom of Netherlands where this subsidiary operates. These consolidated financial statements have been prepared based on accounting records of the Bank, and financial statements of foreign subsidiary, which have been adjusted to conform to IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

Key assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for impairment losses the fair value of financial instruments and property revaluation.

The following estimates and judgements are considered important to the portrayal of the Bank's financial condition:

(a) Provisions for loans

The Bank estimates provisions for loans with the objective of maintaining balance sheet provisions at the level believed by management to be sufficient to absorb losses incurred and inherent losses in the Bank's loan portfolio from homogeneous portfolios of assets and individually identified loans in connection with loans to banks and loans to customers. The calculation of provisions on impaired loans is based on the likelihood of the asset being written off and the estimated loss on such a write-off. These assessments are made using statistical techniques based on historic experience. These determinations are supplemented by various formulaic calculations and the application of management judgement.

The Bank considers accounting estimates related to provisions for loans "critical accounting estimates" because: (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans are based on recent performance experience, and (ii) any significant difference between the Bank's estimated losses (as reflected in the provisions) and actual losses will require the Bank to take provisions which, if significantly different, could have a material impact on its future income statement and its balance sheet. The Bank's assumptions about estimated losses are based on past performance, past customer behaviour, the credit quality of recent underwritten business and general economic conditions, which are not necessarily an indication of future losses.

Provisions for loans, less amounts released and recoveries of amounts written off in previous years are charged to the line item "Provision for impairment losses on interest bearing assets" in the income statement. The provisions are deducted from the "Due from banks" and the "Loans to customers" line items on the balance sheet. If the Bank believes that additions to the provisions for such credit losses are required, then the Bank records additional provisions for credit losses, which would be treated as a charge in the line item "Provision for impairment losses on interest bearing assets" in the income statement.

(b) Fair value of investments available-for-sale

The fair value of investments available-for-sale that are not traded on an active market involves an exercise of judgment. It is impracticable to assess the extent of possible effects of key assumptions or other sources of uncertainty on the estimates of fair value of certain investments available-for-sale at the balance sheet date.

(c) Revaluation of property

Properties owned by the Bank were revalued by independent appraisers using the comparative method. The estimation of their fair value involves an exercise of judgment. It is impracticable to assess the extent of the possible effects of this key assumption or other sources of uncertainty on the balances of properties at the balance sheet date.

Taxation is discussed in Note 30.

Functional currency

The functional currency of these consolidated financial statements is the Kazakhstani Tenge ("KZT").

3. Significant Accounting Policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entity controlled by the Bank (its subsidiary) (together, the "Bank"), made up to 31 December each year. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of a subsidiary to bring the accounting policies used into line with those used by the Bank.

All significant intra-Bank transactions, balances, income and expenses are eliminated on consolidation.

In translating the financial statements of a foreign subsidiary into the functional currency for incorporation in the consolidated financial statements, the Bank follows a translation policy in accordance with International Accounting Standard ("IAS") 21 "The Effects of Changes in Foreign Exchange Rates" and the following procedures are done:

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- Income and expense items of the foreign entity are translated at exchange rates at the dates of transactions;
- All resulting exchange differences are classified as equity until the disposal of the investment;
- On disposal of the investment in the foreign entity related exchange differences are recognized in the income statement.

Recognition and measurement of financial instruments

The Bank recognizes financial assets and liabilities on its balance sheet when, and only when, it becomes a party to the contractual obligations of the instrument. Regular way purchase and sale of the financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts with the National Bank of the Republic of Kazakhstan with original maturity within 90 days, advances to banks in countries included in the Organization for Economic Co-operation and Development ("OECD").

Due from banks

In the normal course of business, the Bank maintains advances and deposits for various periods of time with other banks. Due from banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Amounts due from credit institutions are carried net of allowance for impairment losses, if any.

Financial assets at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss represent derivative instruments or securities acquired principally for the purpose of selling them in the near future, or are a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit taking or securities that upon initial recognition are designated by the Bank at fair value through profit or loss or is a derivative. Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. The Bank uses quoted market prices to determine fair value for financial assets and liabilities at fair value through profit or loss. Fair value adjustment on financial assets and liabilities at fair value through consolidated income statement is recognized in the consolidated income statement for the period. The Bank does not reclassify financial instruments in or out of this category while they are held.

Derivative financial instruments are entered into by the Bank principally for trading purposes and include forwards on foreign currency, precious metals and securities. No derivatives are used by the Bank for hedging purposes.

Repurchase and reverse repurchase agreements

The Bank enters into sale and repurchase agreements ("repos") and purchase and resale agreements ("reverse repos") in the normal course of its business. Repos and reverse repos are utilized by the Bank as an element of its treasury management and for trading purposes.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the consolidated financial statements and consideration received under these agreements is recorded as collateralized deposit received.

Assets purchased under reverse repos are recorded in the consolidated financial statements as cash placed on deposit which is collaterized by securities and other assets.

In the event that assets purchased under reverse repo are sold to third parties, the results are recorded as a liability with the gain or loss included in net gains/(losses) on respective assets. Any related income or expense arising from the pricing difference between purchase and sale of the underlying assets is recognized as interest income or expense.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets.

Loans granted by the Bank with fixed maturities are initially recognized at fair value plus directly related transaction costs. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans

Loans are written off against allowance for impairment losses in case of uncollectibility of loans, including through repossession of collateral. Loans are written off after management has exercised all possibilities available to collect amounts due to the Bank and after the Bank has sold all available collateral. The decision on writing off bad debt against allowance for impairment losses for all major, preferential and unsecured loans should necessarily be confirmed with a procedural document of judicial bodies certifying that at the time of the decision the debt could not be repaid (partially repaid) with the debtor's funds.

Allowance for impairment losses

The Bank establishes an allowance for impairment losses of financial assets when there is objective evidence that a financial asset is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortized cost. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the respective assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to the consolidated profit and loss and the total of the allowance for impairment losses is deducted in arriving at assets as shown in balance sheet. Factors that the Bank considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, national and local economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset.

It should be understood that estimates of losses involve an exercise of judgment. While it is possible that in particular periods the Bank may sustain losses, which are substantial relative to the allowance for impairment losses, it is the judgment of management that the allowance for impairment losses is adequate to absorb probable losses incurred on the related assets.

Finance leases

Financial leases are leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The lease classified as finance lease if:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The Bank as a lessor presents finance leases as loans and initially measures them in the amount equal to net investment in the lease. Subsequently the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Bank's net investment in the finance lease.

Initial direct costs are often incurred in connection with specific leasing activities, such as negotiating and securing leasing arrangements. For finance leases, initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable.

At the commencement of the lease term, the Bank as a lessee recognizes finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequently, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. Depreciation of the lease property is charged in accordance with depreciation policy that is applied to property owned by the Bank.

Investments available-for-sale

Investments available-for-sale represent debt and equity investments that are intended to be held for an indefinite period of time. Such securities are initially recorded at fair value. Subsequently the securities are measured at fair value, with such re-measurement recognized directly in equity until sold when gain/loss previously recorded in equity recycles through the income statement, except for impairment losses, foreign exchange gains or losses and interest income accrued using the effective interest method, which are recognized directly in the income statement. The Bank uses quoted market prices to determine the fair value for the Bank's investments available-for-sale. If the market for investments is not active, the Bank establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Bank uses that technique.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, if any, unless fair value can be reliably measured.

When there is objective evidence that such securities have been impaired, the cumulative loss previously recognized in equity is removed from equity and recognized in the income statement for the period. Reversals of such impairment losses on debt instruments, which are objectively related to events occurring after the impairment, are recognized in the consolidated income statement for the period. Reversals of such impairment losses on equity instruments are not recognized in the income statement.

Investments held-to-maturity

Investments held-to-maturity are debt securities with determinable or fixed payments. The Bank has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost, less allowance for impairment, if any. Amortized discounts are recognized in interest income over the period to maturity using the effective interest method.

Non-current assets held-for-sale

A non-current asset is classified as held-for-sale if it is highly probable that the asset's carrying amount will be recovered through a sale transaction rather than through continuing use. Such sale transaction shall be principally completed within one year from the date of classification of an asset as held-for-sale.

Non-current assets held-for-sale are measured at the lower of its carrying amount and fair value less costs to sell. If the fair value less costs to sell of an asset held–for-sale is lower than its carrying amount, an impairment loss is recognized in the consolidated income statement as loss from non-current assets held-for-sale. Any subsequent increase in an asset's fair value less costs to sell is recognized to the extent of the cumulative impairment loss that was previously recognized in relation to that specific asset.

Property, equipment and intangible assets

Property, equipment and intangible assets, except for land and buildings, are carried at historical cost less accumulated depreciation and recognized impairment loss, if any.

Depreciation of property, equipment and intangible assets is charged on the carrying value of property and equipment and is designed to write off assets over their useful economic lives. It is calculated on a straight line basis using the following useful life years:

	Years
Building	25
Computers	3-4
Vehicles	5-7
Other	2-15
Intangible assets	1-8

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

The carrying amounts of property, equipment and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

An impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Land and buildings held-for-use in supply of services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional independent appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the property and equipment revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to operating expense. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset and reported net on the balance sheet if, and only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

In the Republic of Kazakhstan where the Bank operates also has various other taxes, which are assessed on the Bank's activities. These taxes are included as a component of operating expenses in the consolidated income statement.

Deposits from banks and customers

Customer and bank deposits are initially recognized at fair value. Subsequently amounts due are stated at amortized cost and any difference between carrying and redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Debt securities issued

Debt securities issued represent eurobonds and bonds issued by the Bank. They are accounted for according to the same principles used for customer and bank deposits.

Subordinated debt

Subordinated debt is initially recognized at fair value which usually amounts to net proceeds from the issue less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between carrying and redemption value is recognized in the consolidated income statement over the period of the loan using the effective interest method.

Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial guarantee contracts issued and letters of credit

Financial guarantee contracts and letters of credit issued by the Bank are credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

Share capital

Share capital is recognized at cost. Treasury stock represents shares of the Bank which have been issued and subsequently reacquired by the Bank for sale at a later date. Gains and losses on sales of treasury stock are charged or credited to share premium.

External costs directly attributable to the issue of new shares are deducted from equity net of any related income taxes.

Dividends on common shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under International Accounting Standard 10 "Events after the Balance Sheet Date" ("IAS 10") and disclosed accordingly.

Preference shares

Preference shares which carry a mandatory dividend payment are classified as a subordinated debt. On initial recognition the fair value of the debt is equivalent to the present value of the mandatory dividend obligations over the term of the preferred share discounted at the market interest rate for a similar instrument that does not retain a residual benefit to discretionary dividends.

Dividends on preference shares are classified as an expense and are recognized in the consolidated income statement with interest expense.

(in Kazakhstani tenge and in millions)

Retirement and defined contribution plans

In accordance with the requirements of the legislation of the countries in which the Bank and its subsidiaries operate, the Bank withholds amounts of pension contributions from employee salaries and pays them to the pension funds. This pension system provides for the calculation of current payments by the employer as a percentage of current total disbursements to employees. Such expense is charged in the period the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension funds selected by employees. The Bank does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan and countries where its subsidiaries operate. In addition, the Bank has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Interest income also includes income earned on investments in securities. Other income is credited to consolidated income statement when the related transactions are completed.

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the consolidated income statement over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in the consolidated income statements on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognized in the consolidated income statement when the syndication has been completed. All other commissions are recognized when services are provided.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into KZT at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

Rates of exchange

The exchange rates at year-end used by the Bank in the preparation of the consolidated financial statements are as follows:

	31 December 2006	*31 December 2005*	*31 December 2004*
KZT/USD	**127.00**	133.77	130.00
KZT/EURO	**167.12**	158.54	177.10
KZT/RUR	**4.82**	4.65	4.67

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Bank has a legally enforceable right to set off the recognized amounts and the Bank intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Bank does not offset the transferred asset and the associated liability.

Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten per cent or more of all the segments are reported separately. Geographical segments of the Bank have been reported separately within these consolidated financial statements based on the ultimate domicile of the counterparty, e.g. based on economic risk rather than legal risk of the counterparty.

Adoption of new standards

In the current year, the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Bank's accounting policies that have affected the amounts reported for the current or prior years. The following standards were adopted in 2006:

The IASB's amendment to IAS 39, 'Cash Flow Hedge Accounting of Forecast Intragroup Transactions', published in April 2005, amended IAS 39 to permit the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in consolidated financial statements. The amendment, effective for annual periods beginning on or after 1 January 2006, had no material effect on the financial statements of the Bank.

The IASB's amendment to IAS 39, 'Financial Guarantee Contracts', published in August 2005, amended IAS 39 and IFRS 4. The amendment defines a financial guarantee contract and requires such contracts to be recorded initially at fair value and subsequently at higher of the provision determined in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less amortisation. The amendment, effective for annual periods beginning on or after 1 January 2006, had no material effect on the Bank.

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations applicable to the Bank were issued but not yet effective:

The IASB issued IFRS 7 'Financial Instruments: Disclosures' in August 2005. The standard replaces IAS 30 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions' and the disclosure provisions in IAS 32. IFRS 7 requires disclosure of the significance of financial instruments for an entity's financial position and performance and of qualitative and quantitative information about exposure to risks arising from financial instruments. The standard is effective for annual periods beginning on or after 1 January 2007.

In August 2005, the IASB issued an amendment, 'Capital Disclosures', to IAS 1 'Presentation of Financial Statements'. It requires disclosures about an entity's capital and the way it is managed. This amendment is also effective for annual periods beginning on or after 1 January 2007.

The IFRIC issued interpretation IFRIC 9 'Reassessment of Embedded Derivatives' in March 2006. Entities are required to assess financial instruments for the existence of embedded derivatives; this interpretation prohibits subsequent reassessment unless there is a change of terms that significantly changes the terms of the financial instrument. The interpretation is effective for accounting periods starting on or after 1 June 2006.

The IASB issued IFRS 8 'Operating Segments' in December 2006. This will replace IAS 14 'Segment Reporting' for accounting periods beginning on or after 1 January 2009. IFRS 8 requires entities to report segment information as reported to management and reconcile it to the financial statements.

Management of the Bank is currently assessing the impact of the adoption of these new and revised Standards and Interpretations in future periods.

(in Kazakhstani tenge and in millions)

4. Reclassifications

Certain reclassifications have been made to the financial statements as at 31 December 2005 and for the year then ended to conform to the presentation as at 31 December 2006 and for the year then ended as current year presentation provides better view of the financial position of the Bank.

Nature of reclassification	*Amount*	*Income statement line as per the previous report*	*Income statement line as per the current report*
Amortization of discount on loans to customers	469	commission income	interest income
Interest income on debt securities	(173)	interest expense	interest income

5. Net Interest Income

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Interest income			
Interest on loans to customers	**74,609**	14,946	5,997
Interest on debt securities	**4,776**	2,421	916
Interest on due from banks	**620**	253	29
Interest on reverse repurchase transactions	**188**	238	31
Total interest income	**80,193**	17,858	6,973
Interest expense			
Interest on due to banks	**16,657**	2,031	557
Interest on customer accounts	**12,004**	7,168	3,112
Interest on debt securities issued	**9,886**	1,806	174
Interest on subordinated debt	**959**	537	238
Interest on repurchase transactions	**608**	47	93
Other	**236**	15	31
Total interest expense	**40,350**	11,604	4,205
Net interest income before provision for impairment losses on interest bearing assets	**39,843**	6,254	2,768

6. Allowance for Impairment Losses, Other Provisions

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Due from banks	*Loans to customers*	*Total*
31 December 2003	1	1,631	1,632
Provision	—	1,305	1,305
Write-off of assets	(1)	(333)	(334)
Recoveries of assets previously written off	—	3	3
31 December 2004	—	2,606	2,606
Provision	—	4,921	4,921
Write-off of assets	—	(39)	(39)
Recoveries of assets previously written off	—	67	67
31 December 2005	—	7,555	7,555
Provision	—	14,032	14,032
Write-off of assets	—	(534)	(534)
Recoveries of assets previously written off	—	60	60
31 December 2006	—	21,113	21,113

(in Kazakhstani tenge and in millions)

The movements in other provisions were as follows:

	Other assets	*Guarantees and other commitments*	*Total*
31 December 2003	21	20	41
Provision	2	26	28
31 December 2004	23	46	69
Provision	9	130	139
Write-off of assets	(10)	—	(10)
31 December 2005	22	176	198
Provision	26	330	356
Write-off of assets	(3)	—	(3)
31 December 2006	45	506	551

7. Net Gain on Financial Assets at Fair Value thought Profit or Loss

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Debt securities	**303**	259	127
Equity securities	**31**	7	—
Total net gain on financial assets at fair value through profit or loss	**334**	266	127

8. Net Gain on Foreign Exchange Operations

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Dealing, net	**1,359**	1,109	203
Translation differences, net	**283**	(489)	(157)
Total net gain on foreign exchange operations	**1,642**	620	46

9. Fee and Commission Income and Expense

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Fee and commission income:			
Cash operations	**1,751**	701	293
Lending operations	**1,471**	599	254
Documentary operations	**1,028**	609	321
Settlements	**849**	488	242
Foreign currency and securities operations	**473**	242	144
Trust operations	**76**	78	58
Other	**371**	225	68
Total fee and commission income	**6,019**	2,942	1,380

(in Kazakhstani tenge and in millions)

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Fee and commission expense:			
Insurance premium to related party	**2,569**	—	—
Plastic cards operations	**193**	20	8
Customer accounts services by financial agents	**155**	—	—
Eurobonds and syndicated loans	**137**	229	55
Settlement bank services	**111**	54	30
Foreign currency and security operations	**104**	78	14
Documentary operations	**58**	4	1
Other	**63**	55	5
Total fee and commission expense	**3,390**	440	113

10. Other Income

Other income includes mainly imposition of fines and penalties received from customers.

11. Operating Expenses

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Staff costs	**4,443**	1,581	772
Advertising and marketing expenses	**1,207**	551	396
Operating lease	**846**	283	123
Depreciation and amortization	**696**	271	155
Taxes, other than income tax	**642**	266	129
Expenses on insurance	**598**	29	19
Social tax	**514**	200	96
Repair and maintenance	**435**	69	43
Telecommunication expenses	**311**	102	61
Consulting	**245**	59	47
Business trip and related expenses	**186**	105	57
Stationery	**120**	41	14
Security service	**114**	45	25
Buildings maintenance	**97**	49	34
Transportation costs	**75**	32	17
Legal services expenses	**73**	53	26
Cash collection	**61**	55	29
Training	**47**	25	8
Information services	**46**	23	14
Representative expenses	**15**	73	10
Other	**530**	276	186
Total operating expenses	**11,301**	4,188	2,261

12. Income Tax

The Bank provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Bank and its subsidiary operate and which may differ from International Financial Reporting Standards.

The Bank is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

(in Kazakhstani tenge and in millions)

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2006, 2005 and 2004 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2006, 2005 and 2004 comprise:

	31 December 2006	*31 December 2005*	*31 December 2004*
Deferred assets:			
Commission prepayments	**—**	1,493	—
Accrued interests on loans, written off	**1,303**	296	148
Total deferred assets	**1,303**	1,789	148
Deferred liabilities:			
Loans and advances to banks and customers	**(1,867)**	—	—
Property, equipment and intangible assets, net	**(3,104)**	(229)	(114)
Total deferred liabilities	**(4,971)**	(229)	(114)
Net deferred (liabilities) / assets	**(3,668)**	1,560	34
Deferred tax (liabilities)/ assets at the statutory rate (30%)	**(1,100)**	468	10
Valuation allowance	**—**	—	(10)
Net deferred tax (liabilities)/ assets	**(1,100)**	468	—

Relationships between tax expenses and accounting profit for the years ended 31 December 2006, 2005 and 2004 are explained as follows:

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Profit before income tax	**19,612**	1,240	861
Statutory tax rate	**30%**	30%	30%
Tax at the statutory tax rate	**5,884**	372	258
Tax effect of permanent differences	**(282)**	(728)	(258)
Income tax expense/(benefit)	**5,602**	(356)	—
Current income tax expense	**4,800**	112	—
Deferred income tax expense/ (income)	**1,568**	(468)	—
Deferred income tax through property revaluation reserve	**(766)**	—	—
Income tax expense/(benefit)	**5,602**	(356)	—

	31 December 2006	*31 December 2005*	*31 December 2004*
Deferred income tax assets/(liabilities)			
Beginning of the period	**468**	—	(29)
(Decrease)/ increase in income tax assets/(liabilities) for the period	**(1,568)**	468	29
End of the period	**(1,100)**	468	—

(in Kazakhstani tenge and in millions)

Income tax assets and liabilities consist of the following:

	31 December 2006	*31 December 2005*	*31 December 2004*
Current income tax (liabilities)/ assets	**(912)**	91	116
Deferred income tax (liabilities)/ assets	**(1,100)**	468	—
Income tax (liabilities)/ assets	**(2,012)**	559	116

13. Earnings Per Share

	Year ended 31 December 2006	*Year ended 31 December 2005*	*Year ended 31 December 2004*
Profit:			
Net profit for the year	**14,010**	1,596	861
Less:			
Dividends on preference shares	**—**	49	60
Net profit less dividends on preference shares	**14,010**	1,547	801
Weighted average number of ordinary shares			
For basic and diluted earnings per share	**3,030,063**	1,711,841	466,556
Earnings per share — basic and diluted (KZT)	**4,623.67**	903.73	1,715.98

14. Cash and Balances with the National Bank of the Republic of Kazakhstan

	31 December 2006	*31 December 2005*	*31 December 2004*
Balance with the National Bank of the Republic of Kazakhstan	**85,030**	36,612	17,387
Cash on hand	**14,564**	5,715	2,244
Total cash and balances with the National Bank of the Republic of Kazakhstan	**99,594**	42,327	19,631

Minimum reserve requirements are determined as a percentage from deposits, external due to banks in accordance with the requirements of the NBRK and as of 31 December 2006, 2005 and 2004. They amounted to KZT 56,663 million, KZT 20,563 million and KZT 1,614 million, respectively. The Bank was in compliance with the NBRK requirements by maintaining an average balance in the Balance with the National Bank of the Republic of Kazakhstan and therefore was able to use the amounts without any restrictions.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows are comprised of the following:

	31 December 2006	*31 December 2005*	*31 December 2004*
Cash and balances with the National Bank of the Republic of Kazakhstan	**99,594**	42,327	19,631
Due from banks in OECD countries	**17,115**	2,865	816
Total cash and cash equivalents	**116,709**	45,192	20,447

(in Kazakhstani tenge and in millions)

15. Financial Assets at Fair Value through Profit or Loss

	31 December 2006	*31 December 2005*	*31 December 2004*
Debt securities of central governments	**100,880**	67,276	29,757
Debt securities of financial institutions	**26,114**	9,856	1,344
Debt securities of corporates	**4,535**	2,151	223
Derivative financial instruments	**2,216**	—	—
Total financial assets at fair value through profit or loss	**133,745**	79,283	31,324

	Interest to nominal %	*31 December 2006*	*Interest to nominal %*	*31 December 2005*	*Interest to nominal %*	*31 December 2004*
Debt securities of central governments:						
Bonds of the Government of the United States of America	3.50-4.13	**83,172**	3.50-4.10	36,887	—	—
Notes of the National Bank of the Republic of Kazakhstan	—	**10,979**	—	23,414	—	25,728
Bonds of the Ministry of finance of the Republic of Kazakhstan	3.35-8.20	**6,295**	3.80-7.00	6,201	6.00-8.00	3,523
Euronotes of the Ministry of finance of the Republic of Kazakhstan	11.13	**434**	11.13	484	11.00-13.00	506
Bonds of the Government of Poland	—	**—**	6.00	129	—	—
Bonds of the Government of Germany	—	**—**	3.25	161	—	—
Total debt securities of central governments		**100,880**		67,276		29,757

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

	Interest to nominal %	*31 December 2006*	*Interest to nominal %*	*31 December 2005*	*Interest to nominal %*	*31 December 2004*
Debt securities of financial institutions:						
Bonds of JSC Bank TuranAlem	7.00-10.50	**8,262**	9.90	297	—	—
Bonds of JSC ATF Bank	8.13-10.90	**2,814**	8.13-8.50	1,476	—	—
Bonds of JSC Kazkommerts International B. V.	5.13-8.50	**2,719**	9.00	741	9.00	443
Bonds of JSC BTA Mortgage	9.20-9.90	**2,705**	8.30-8.90	2,671	—	—
Bonds of JSC HSBC	7.00	**2,620**	—	—	—	—
Bonds of JSC Bank CenterCredit	8.50-10.00	**2,236**	7.00-9.40	1,669	9.00	156
Bonds of JSC Kazakhstani Mortgage Company	4.90-7.50	**1,106**	7.50	105	—	—
Bonds HSBK Europe BV	7.75	**944**	—	—	—	—
Bonds of JSC Nurbank	9.00	**391**	9.00	696	—	—
Bonds of JSC Halyk Bank Kazakhstan	5.00-11.80	**688**	5.00-11.80	682	5.00-12.00	374
Bonds of JSC Banque Europeene D'Inves	4.63	**629**	4.60	672	—	
Bonds of JSC TexakaBank	11.00	**472**	11.00	472	11.00	224
Bonds of TuranAlem Finance B.V.	8.00	**393**	10.00	142	10.00	147
Bonds of JSC Kazkommertsbank	8.00	**135**	8.00	144	—	—
Bonds of JSC ValutTransit Bank		**—**	9.00	89	—	—
Total debt securities of financial institutions		**26,114**		9,856		1,344
Debt securities of corporates						
Bonds of JSC Ulbinsky Metallurgical Plant	8.25	**1,500**	8.25	100	—	—
Bonds of JSC Doszhan Temir Zholi	9.45	**1,080**	—	—	—	—
Bonds of JSC Kazakhstan Temir Zholi	6.50	**1,037**	—	—	—	—
Bonds of JSC KazTransCom	8.00	**433**	8.00	435	8.00	71
Bonds of JSC KazAtomprom	8.50	**332**	8.5	341	—	—
Bonds of JSC KazPost	8.00	**153**	8.00	149	8.00	152
Bonds of JSC Almaty Kus	—	**—**	10.00	1,126	—	—
Total debt securities of corporates		**4,535**		2,151		223

(in Kazakhstani tenge and in millions)

	31 December 2006		
		Net fair value	
	Nominal Amount	*Asset*	*Liability*
Foreign currency contracts			
Forwards	**78,996**	**970**	**—**
Swaps	**3,430**	**383**	**—**
Spot	**1,905**	**2**	**—**
FRA (Note 27)	**360**	**—**	**(18)**
Securities contracts			
Forward	**73,928**	**861**	**—**
Total derivative financial instruments	**158,619**	**2,216**	**(18)**

As of 31 December 2005 and 2004 balances of derivative financial instruments are nil.

As of 31 December 2006, 2005 and 2004 included in financial assets at fair value through profit or loss was accrued interest income amounting to KZT 594 million, KZT 381 million and KZT 83 million, respectively.

As at 31 December 2006, 2005 and 2004 financial assets at fair value through profit or loss included debt securities of central governments and financial institutions totally amounting to KZT 47,130 million, KZT 6,711 million and KZT 17,498 million, respectively, pledged under repurchase agreements (Note 23, 25). All the agreements have maturity within 1 month.

As at 31 December 2005 financial assets at fair value through profit or loss included bonds of the Ministry of finance of the Republic of Kazakhstan, notes of National Bank of the Republic of Kazakhstan, bonds of Banque Europeene D'Inves and bonds of the Government of the United States of America totally amounting to KZT 28,893 million pledged in favour of different banks (Note 23). All the agreements have maturity within 1-9 month.

16. Due from Banks

	31 December 2006	*31 December 2005*	*31 December 2004*
Correspondent accounts with other banks	**8,156**	3,999	892
Overnight deposits to banks	**9,690**	1,473	—
Short-term deposits to banks	**324**	4,680	—
Long-term deposit to banks	**1,794**	30	—
Long-term loans to other banks	**635**	—	—
Loans under reverse repurchase agreements	**3,352**	56	1,306
Total due from banks	**23,951**	10,238	2,198

Included in due from banks is accrued interest of KZT 83 million, KZT 19 million and KZT 2 million as at 31 December 2006, 2005 and 2004, respectively.

As at 31 December 2006 and 2005 the Banks had due from Kazkommertsbank and HypoVeriensbank, Raiffeisen Zentrabank, Halyk bank, respectively, which individually exceeded 10% of the Bank's equity.

As at 31 December 2006, 2005 and 2004 the maximum credit risk exposure on due from banks amounted to KZT 23,951 million, KZT 10,238 million and KZT 2,198 million, respectively.

(in Kazakhstani tenge and in millions)

Fair value of pledged assets and carrying value of loans under reverse repurchase agreements as at 31 December 2006, 2005 and 2004 are presented as follows:

	31 December 2006		*31 December 2005*		*31 December 2004*	
Collateral	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*
Bonds of banks	**2,853**	**3,159**	56	54	—	—
Shares of banks	**499**	**548**	—	—	—	—
Notes of National Bank of the Republic of Kazakhstan	**—**	**—**	—	—	1,306	1,374
Total	**3,352**	**3,707**	56	54	1,306	1,374

17. Loans to Customers

	31 December 2006	*31 December 2005*	*31 December 2004*
Originated loans	**632,876**	184,822	55,890
Net investments in finance lease	**8,037**	2,830	25
Loans under reverse repurchase agreements	**14,747**	3,982	5,115
	655,660	191,634	61,030
Less allowance for impairment losses	**(21,113)**	(7,555)	(2,606)
Total loans and advances to customers	**634,547**	184,079	58,424

As at 31 December 2006, 2005 and 2004 accrued interest income included in loans to customers amounted to KZT 13,770 million, KZT 4,420 million and KZT 1,239 million respectively.

Movements in allowances for impairment losses for the years ended 31 December 2006, 2005 and 2004 are disclosed in Note 6.

	31 December 2006	*31 December 2005*	*31 December 2004*
Loans collateralized by real estate	**311,645**	112,454	32,773
Loans insured by related party	**162,454**	—	—
Loans collateralized by transport vehicles	**37,098**	19,130	3,198
Loans collateralized by deposits	**26,654**	6,324	1,316
Loans collateralized by securities	**24,019**	12,254	7,349
Loans collateralized by guarantees	**22,260**	5,418	4,140
Loans collateralized by goods	**9,191**	5,465	3,180
Finance lease	**8,037**	2,830	25
Loans collateralized by equipment	**1,853**	4,706	2,183
Uncollateralized consumer loans	**602**	14,564	880
Other	**30,734**	934	3,380
Total loans and advances to customers	**634,547**	184,079	58,424

The loans insured by related party are express consumer loans to individuals. The related party reinsured its insurance risk with an international reinsurance company.

(in Kazakhstani tenge and in millions)

Customer concentration per economic sector is presented as follows:

	31 December 2006	***31 December 2005***	***31 December 2004***
Analysis by sector:			
Individuals	**269,351**	49,222	9,010
Construction	**73,720**	18,719	7,941
Wholesale	**64,530**	34,630	10,570
Population related services	**47,642**	12,468	3,376
Real estate operations	**29,169**	13,667	3,046
Finance services	**29,167**	3,467	2,892
Transportation	**19,731**	18,358	1,903
Paper manufacturing	**19,526**	7,295	1,319
Retail	**13,625**	4,743	1,258
Services related to oil and gas extraction	**11,301**	406	14
Food	**11,299**	3,222	2,298
Finance lease	**8,037**	2,830	25
Agriculture	**7,846**	3,649	1,825
Entertainment and recreational activities	**3,530**	991	1,097
Chemical industry	**3,298**	911	736
Coal mining	**2,035**	1,836	2,005
Government administration	**1,439**	378	5,045
Mass media	**1,424**	1,223	61
Heavy industry	**1,013**	1,055	246
Post and Communications	**736**	612	109
Production of metal goods	**621**	1,126	325
Metallurgy industry	**—**	2	28
Other	**15,507**	3,269	3,295
Total loans and advances to customers	**634,547**	184,079	58,424

Loans to individuals comprise the following products:

	31 December 2006	***31 December 2005***	***31 December 2004***
Consumer loans	**226,696**	37,362	6,068
Mortgage loans	**34,675**	10,119	2,443
Car credits	**7,980**	1,741	499
Total loans to individuals	**269,351**	49,222	9,010

As of 31 December 2006 the Bank had loans to four customers totalling KZT 45,888 million, as of 31 December 2005 the Bank had loans to five customers totalling KZT 23,490 million and as of 31 December 2004 to 16 customers totalling KZT 9,831 million, which exceeded 10% of the Bank's equity, individually and in aggregate.

As at 31 December 2006, 2005 and 2004 a maximum credit risk exposure of loans to customers amounted to KZT 655,660 million, KZT 191,634 million and KZT 61,030 million, respectively.

As of 31 December 2006, 2005 and 2004 the Bank had loans originated in Almaty totalling KZT 382,982 million, KZT 128,444 million and KZT 40,899 million, respectively, which represent significant geographical concentration in this region forming 60.2 per cent, 68 per cent, and 73 per cent of the loan portfolio, respectively.

(in Kazakhstani tenge and in millions)

Fair value of pledged assets and carrying value of loans under reverse repurchase agreements as at 31 December 2006, 2005 and 2004 are presented as follows:

	31 December 2006		*31 December 2005*		*31 December 2004*	
Collateral	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*
Bonds of Kazakhstani companies	**13,308**	**15,536**	3,604	3,597	70	—
Bonds of the Ministry of finance of the Republic of Kazakhstan	**1,439**	**1,585**	378	429	5,045	8,234
Total	**14,747**	**17,121**	3,982	4,026	5,115	8,234

Included in originated loans are the following amounts relating to finance leases:

	31 December 2006	*31 December 2005*	*31 December 2004*
Total minimum lease payments	**10,382**	3,505	34
Less: unearned finance income	**(2,345)**	(675)	(9)
Total	**8,037**	2,830	25
Minimum lease payments — current portion	**3,188**	1,017	13
Minimum lease payments — long-term portion	**7,194**	2,488	21
Total	**10,382**	3,505	34

The present value of future minimum lease payments due from customers under finance lease as at 31 January 2006, 2005 and 2004 are as follows:

	31 December 2006	*31 December 2005*	*31 December 2004*
Not later than one year	**2,161**	995	12
Later than one year not later than five years	**5,702**	1,735	13
After five years	**174**	100	—
Total	**8,037**	2,830	25

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 13.75% per cent per annum. Material leasing arrangements were concluded with customers for purchases of vehicles and equipments, which represent the collateral for such arrangements.

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

18. Investments Available-for-Sale

	Interest to nominal %	*31 December 2006*	*Interest to nominal %*	*31 December 2005*	*Interest to nominal %*	*31 December 2004*
Debt securities						
Euronotes of the Ministry of finance of the Republic of Kazakhstan	11.13	**1,336**	11.13	1,490	11.13	1,950
Bonds of the Ministry of finance of the Republic of Kazakhstan	6.09-6.44	**1,064**	5.7-6.09	1,444	6.1-6.5	1,559
JSC Kazakhstan Kagazi bonds	11.3	**615**	10.4	611	—	—
JSC Kazakhstani Mortgage Company bonds	9-9.5	**445**	8.9-9.7	501	8.2-9.5	596
JSC ATF Bank bonds	8.5	**420**	8.5	417	9	28
JSC Nurbank bonds	9.0-9.9	**321**	8.3-9	278	8-9	494
JSC Bank CenterCredit bonds	14.4	**312**	13.5	313	12.80	310
JSC Halyk Bank Kazakhstan Euronotes	8.13	**272**	8.1	291	—	—
JSC RG Brand bonds	10	**265**	10	269	10	271
JSC Development Bank of Kazakhstan bonds	8.5	**41**	8.5	43	8.5	42
JSC Bank TuranAlem bonds	10.7	**9**	9.9	10	8	10
JSC Almaty Kus bonds	—	**—**	—	—	10	159
KFW structural notes	—	**—**	7.1-8	5,366	—	—
		5,100		11,033		5,419

Equity securities	***Share %***		***Share %***		***Share %***	
LLP First credit Office	18.4	37	18.4	37	14.28	4
JSC Alliance Policy	5.4	27	5.4	27	9	27
JSC Processing Center	1.37	10	1.37	10	1.37	10
JSC Kazakhstan Stock Exchange	1.49	2	1.37	2	2.32	2
JSC FK Alliance Capital	—	—	—	—	9	5
		76		76		48
Total investments available-for-sale		5,176		11,109		5,467

As of 31 December 2006, 2005 and 2004 included in investments available-for-sale was accrued interest income on debt securities amounting to KZT 99 million, KZT 104 million and KZT 95 million, respectively.

As at 31 December 2005 investments available-for-sale included KFW structural notes amounting to KZT 2,676 million pledged in Hypo Bank with maturity June 2006 (Note 23).

(in Kazakhstani tenge and in millions)

19. Investments Held-To-Maturity

	Interest to nominal %	*31 December 2006*	*Interest to nominal %*	*31 December 2005*	*Interest to nominal %*	*31 December 2004*
Astana municipal bonds	8.5	**43**	8.5	45	8.5	44
Bonds of the Ministry of finance of the Republic of Kazakhstan	—	**—**	6.6-7.0	418	6.1-8.3	822
Notes of National Bank of the Republic of Kazakhstan	—	**—**	—	—	—	394
Total investments held-to-maturity		**43**		463		1,260

As of 31 December 2005 and 2004 included in investments held-to-maturity was accrued interest income on debt securities amounting to KZT 6 million and KZT 10 million, respectively.

20. Property, Equipment and Intangible Assets

	Land and building	*Computers*	*Vehicles*	*Construction in progress*	*Other*	*Intangible assets*	*Total*
At cost							
At 31 December 2003	254	132	53	—	375	61	875
Additions	95	82	42	7	173	58	457
Transfers	—	(38)	—	—	38	—	—
Disposals	(12)	(14)	(5)	—	(7)	—	(38)
At 31 December 2004	337	162	90	7	579	119	1,294
Additions	246	197	90	—	364	121	1,018
Revaluation	421	—	—	—	—	—	421
Disposals	(59)	(1)	(5)	(1)	(15)	—	(81)
At 31 December 2005	945	358	175	6	928	240	2,652
Additions	4,657	611	227	1,185	2,112	158	8,950
Revaluation	2,555	—	—	—	—	—	2,555
Disposals	(137)	(27)	(16)	(51)	(62)	(22)	(315)
At 31 December 2006	8,020	942	386	1,140	2,978	376	13,842
Accumulated depreciation and amortization							
At 31 December 2003	23	38	11	—	46	9	127
Charge for the year	10	28	11	—	90	16	155
Transfers	—	(9)	—	—	9	—	—
Disposals	(3)	(14)	(3)	—	(4)	—	(24)
At 31 December 2004	30	43	19	—	141	25	258
Charge for the year	10	49	18	—	161	33	271
Disposals	(40)	(1)	(1)	—	(16)	—	(58)
At 31 December 2005	—	91	36	—	286	58	471
Charge for the year	79	171	41	—	346	59	696
Disposals	(53)	(11)	(6)	—	(34)	(3)	(107)
At 31 December 2006	26	251	71	—	598	114	1,060
Net book value							
At 31 December 2004	307	119	71	7	438	94	1,036
At 31 December 2005	945	267	139	6	642	182	2,181
At 31 December 2006	7,994	691	315	1,140	2,380	262	12,782

(in Kazakhstani tenge and in millions)

In 2006 land and buildings of the Bank were revalued to market prices according to the opinion of the independent appraiser, LLP Consulting Company "Kenes", registration number UL-00630, the legal address: the Republic of Kazakhstan, Almaty, Otegen Batyr street, 76-d. The revaluations were performed with the purpose to record their fair value and amounted to KZT 2,555 million. Appraiser used comparative approach —method of revaluation based on analysis of prices on judgment analogy of revaluation assets.

In 2005 land and buildings of the Bank were revalued to market prices according to the opinion of the independent appraiser, LLP "Spektr Audit", registration number UL-0077, the legal address: the Republic of Kazakhstan, Almaty, Gagarina street, 236-b. The revaluations were performed with the purpose to record their fair value and amounted to KZT 421 million. Appraiser used comparative approach —method of revaluation based on analysis of prices on judgment analogy of revaluation assets.

In 2004 property and equipment of the Bank were not revalued.

As at 31 December 2006, 2005 and 2004 included in property and equipment were fully depreciated equipment at cost of KZT 112 million, KZT 37 million and KZT 2 million respectively.

Intangible assets include software, patents and licenses.

21. Non-Current Assets Held-For-Sale

Non-current assets held-for-sale represents 100% shares of JSC FinanceCreditBank (Kyrgyzstan). As at 31 December 2006 the Bank had 300 million shares of JSC FinanceCreditBank. During 2006 there were no material results from operations.

On 19 March 2007 all shares were sold for a realized loss of KZT 215 million.

22. Other Assets

	31 December 2006	***31 December 2005***	***31 December 2004***
Foreclosed assets	**3,539**	—	—
Unamortized insurance premium to related party	**2,584**	—	—
Debtors for capital investments	**1,529**	849	24
Tax settlements, other than income tax	**847**	118	—
Prepayments and other debtors	**535**	140	319
Prepaid expenses	**194**	730	—
Other inventory	**66**	441	44
Other	**655**	263	40
	9,949	2,541	427
Less allowance for impairment losses	**(45)**	(22)	(23)
Total other assets	**9,904**	2,519	404

Movements in allowances for impairment losses on other assets for the years ended 31 December 2006, 2005 and 2004 are disclosed in Note 6.

(in Kazakhstani tenge and in millions)

23. Due to Banks

	31 December 2006	*31 December 2005*	*31 December 2004*
Correspondent accounts of other banks	**1,523**	104	13
Due to banks and financial institutions, including:			
Syndicated loan from a Bank of banks			
Standard Bank Tranche A due on 19/06/2007, coupon rate 6.67% annual	**31,715**	—	—
Standard Bank Tranche A due on 06/11/2007, coupon rate 6.45% annual	**24,159**	—	—
Standard Bank Tranche B due on 17/06/2008, coupon rate 7.17% annual	**19,185**	—	—
Standard Bank Tranche A due on 29/10/2008, coupon rate 6.65% annual	**9,076**	—	—
ING Bank NV Tranche B due on 07/11/2007, coupon rate 6.78% annual	**6,555**	6,794	—
Standard Bank Tranche C due on 28/10/2009, coupon rate 7.1% annual	**5,291**	—	—
Standard Bank 31/03/2008 coupon rate 7.87% annual	**3,896**	—	—
Wachovia Bank NA 18/05/2009 coupon rate 7.89% annual	**2,052**	—	—
SBL&RZB 27/05/2005 coupon rate 5.63% annual	**—**	—	3,071
ING Bank NV 31/05/2006 coupon rate 6.78% annual	**—**	10,771	—
ING Bank NV Tranche A due on 07/11/2007, coupon rate 6.78% annual	**—**	15,922	—
Loans from other banks	**29,247**	4,703	3,409
Alliance DPR Company	**24,901**	—	—
Time deposits of banks and other financial institutions	**188,486**	55,375	2,971
Loans under repurchase agreements	**16,919**	5,111	16,592
Total due to banks	**363,005**	98,780	26,056

As at 31 December 2006, 2005 and 2004 accrued interest expenses included in due to banks amounted to KZT 3,532 million, KZT 428 million and KZT 75 million, respectively.

On 13 November 2006, Alliance Bank launched and priced a USD 200 million, dual tranche debt issuance off a newly established future flow Diversified Payment Rights ("DPR") securitization program. The transaction is a true-sale securitization of the Bank's dollar and euro denominated present and future diversified payment rights (SWIFT MT 100 and MT 202) to Alliance DPR company (special purpose vehicle created on Cayman Islands). The issuance consisted of a USD100 million Series 2006A tranche and a USD100 million Series 2006B tranche. Series 2006A was guaranteed by Asian Development Bank, the rate of which amounted to 3 month LIBOR plus 0.15%.

Fair value of pledged assets and carrying value of loans under repurchase agreements as at 31 December 2006, 2005 and 2004 are presented as follows:

	31 December 2006		*31 December 2005*		*31 December 2004*	
Collateral	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*
Notes of the National Bank of the Republic of Kazakhstan	**8,674**	**9,125**	5,111	5,378	16,342	17,193
Bonds of Kazakhstani banks	**4,980**	**5,410**	—	—	250	305
Eurobonds of Kazakhstani banks	**2,643**	**3,023**	—	—	—	—
Bonds of foreign banks	**622**	**625**	—	—	—	—
Total	**16,919**	**18,183**	5,111	5,378	16,592	17,498

(in Kazakhstani tenge and in millions)

As at 31 December 2006, 2005 and 2004 financial assets at fair value through profit or loss included debt securities of central governments and financial institutions totally amounting to KZT 18,183 million, KZT 5,378 million, KZT 17,498 million, respectively, pledged under repurchase agreements with other banks (Note 15, 18). All the agreements have maturity within 1 month.

As at 31 December 2005 included in due to banks are debt securities amounted to KZT 31,569 million (Note 15, 18). All agreements have maturity within 1-9 months.

24. Due to Other Financial Institutions

	Currency	*Maturity*	*Interest rate %*	*31 December 2006*	*Interest rate %*	*31 December 2005*
TR Commodity Trading GMBH, Sweden	USD	08/02/2007-03/01/2008	7.18-7.67	**7,892**	—	—
Bunge SA, Geneva	USD	21/11/2007-17/04/2009	5.55-8.66	**7,022**	—	—
Cargill Financial Services International, Inc, USA	USD	20/06/2007-26/11/2007	7.17-7.64	**4,484**	—	—
Bunge SA, Geneva	USD	18/01/2007-23/03/2007	7.32-7.45	**2,407**	—	—
Cargill Financial Services International, Inc, USA	USD	15/03/2007-29/06/2007	7.37-7.71	**1,930**	—	—
Bunge HMBH	USD	15/06/2007-04/06/2007	8.64-8.66	**761**	—	—
Super-Trade Inc	USD	22/02/2007	7.44	**678**	—	—
JSC Rehabilitation fund	KZT	27/03/2006	5.8	**—**	—	30
JSC Rehabilitation fund	EUR	25/12/2006	7	**—**	—	543
LB Interfinanze AG	USD	02/02/2006	6.66	**—**	—	414
Total due to other financial institutions				**25,174**		987

As at 31 December 2004 balance of due to other financial institutions is nil.

As at 31 December 2006 accrued interest expenses included in due to other financial institutions amounted to KZT 301 million.

25. Customer Accounts

	31 December 2006	*31 December 2005*	*31 December 2004*
Time deposits	**153,146**	101,697	50,191
Repayable on demand	**68,438**	29,852	14,428
Guarantee deposits	**23,677**	6,534	3,118
Loans under repurchase agreements	**27,525**	1,150	—
Total customer accounts	**272,786**	139,233	67,737

As of 31 December 2006, 2005 and 2004, 10 customers approximated 7%, 16% and 21% of total liabilities, respectively, which represents significant concentration.

(in Kazakhstani tenge and in millions)

As at 31 December 2006, 2005 and 2004 accrued interest income included in customer accounts amounted to KZT 1,450 million, KZT 1,239 million and KZT 529 million, respectively.

	31 December 2006	*31 December 2005*	*31 December 2004*
Analysis by sector:			
Individuals	**112,187**	40,561	21,394
Finance services	**60,806**	30,100	10,105
Construction	**28,178**	4,351	2,130
Trade	**20,308**	13,084	7,515
Ancillary activity of service providers to customers	**15,912**	15,198	5,069
State administration	**10,462**	5,724	4,728
Agriculture	**4,850**	5,343	6,103
Transport and communication	**4,674**	4,664	5,296
Other fields of mineral resource industry	**3,154**	—	—
Metallurgy	**2,307**	13,610	443
Arts	**1,334**	1,091	—
Paper industry	**1,185**	—	—
Production of crude oil and natural gas	**1,076**	—	—
Machinery	**1,010**	200	58
Energy	**847**	557	1,742
Health care and social services	**529**	41	27
Production of coal, lignite and peat	**467**	—	—
Food production	**383**	306	207
Education	**368**	471	436
Real estate	**285**	1,841	41
Chemical industry	**198**	1	149
Consumer production	**120**	385	550
Hotel business	**48**	78	—
Other services	**2,098**	1,627	1,744
Total customer accounts	**272,786**	139,233	67,737

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 December 2006 and 2005 are presented as follows:

	31 December 2006		*31 December 2005*	
Collateral	*Carrying value of loans*	*Fair value of collateral*	*Carrying value of loans*	*Fair value of collateral*
US treasury bills	**13,203**	**13,356**	—	—
Bonds of Kazakhstani companies	**4,769**	**5,258**	—	—
Bonds of the Ministry of finance of the Republic of Kazakhstan	**4,679**	**5,230**	1,150	1,333
Eurobonds of Kazakhstani companies	**3,266**	**3,359**	—	—
Euronotes of the Ministry of finance of the Republic of Kazakhstan	**1,608**	**1,744**	—	—
Total	**27,525**	**28,947**	1,150	1,333

As at 31 December 2004 balance of loans under repurchase agreements is nil.

As at 31 December 2006 and 2005 financial assets at fair value through profit or loss included debt securities of central governments and financial institutions totally amounting to KZT 28,947 million and KZT 1,333 million, respectively, pledged under repurchase agreements (Note 15, 18). All the agreements have maturity within 1 month.

(in Kazakhstani tenge and in millions)

26. Debt Securities Issued

	Issue date dd/mm/yy	*Maturity date dd/mm/yy*	*Annual coupon rate %*	*31 December 2006*	*31 December 2005*	*31 December 2004*
Issued Eurobonds						
ALB Finance B.V. Eurobonds, *emission in USD*	26/09/2006	26/09/2013	9.00	**44,835**	—	—
ALB Finance B.V. Eurobonds, *emission in USD*	20/04/2006	20/04/2011	9.00	**32,039**	—	—
ALB Finance B.V. Eurobonds, *emission in USD*	22/11/2005	22/11/2010	8.75	**25,699**	26,355	—
Alliance Bank Eurobonds 1 Emission, *emission in USD*	27/06/2005	27/06/2008	9.25	**18,887**	20,055	—
				121,460	46,410	—
Tenge-denominated bonds						
Bonds of 6 emission	10/04/2006	10/04/2009	8.5	**7,081**	—	—
Bonds of 4 emission	23/04/2005	24/04/2008	7.0	**4,894**	4,701	—
Bonds of 8 emission	26/12/2006	26/12/2011	8.5	**4,805**	—	—
Bonds of 5 emission	01/09/2005	01/09/2008	7.0	**1,009**	411	—
Bonds of 2 emission	31/10/2003	31/10/2006	8.5	**—**	1,966	1,999
				17,789	7,078	1,999
Total debt securities issued				**139,249**	53,488	1,999

As at 31 December 2006, 2005 and 2004 accrued interest expense included in debt securities issued amounted to KZT 2,878 million, KZT 379 million and KZT 28 million, respectively.

27. Other Liabilities

	31 December 2006	*31 December 2005*	*31 December 2004*
Taxes payable, other than income tax	**1,678**	460	28
Other transit accounts	**705**	19	17
Creditors for capital lease	**548**	19	15
Other provisions	**506**	176	46
Dividends payable on preference shares	**—**	49	60
Derivative financial instruments (Note 15)	**18**	—	—
Other	**417**	166	41
Total other liabilities	**3,872**	889	207

Movements in provision for guarantees and other commitments for the years ended 31 December 2006, 2005 and 2004 are disclosed in Note 6.

(in Kazakhstani tenge and in millions)

28. Subordinated Debt

	Issue Date dd/mm/yy	*Maturity date dd/mm/yy*	*Interest rate %*	*31 December 2006*	*31 December 2005*	*31 December 2004*
Subordinated bonds of 7 *emission in KZT*	24/07/2006	24/07/2013	8.5	**4,944**	—	—
Subordinated bonds of 3 *emission in KZT*	29/10/2004	28/10/2011	10.8	**2,863**	2,826	1,435
Subordinated bonds of 1 *emission in KZT indexed to USD*	23/12/2002	23/12/2009	9.0	**2,410**	2,523	2,438
International Perpetual Subordinated bonds of ALB Finance B.V., *emission in USD*	19/04/2006	—	9.4	**18,361**	—	—
Preference shares, *Emission in KZT*	19/04/2006	—	—	**4,036**	—	—
Total subordinated debt				**32,614**	5,349	3,873

As at 31 December 2006, 2005 and 2004 accrued interest expense included in subordinated debt amounted to KZT 243 million, KZT 57 million and KZT 26 million, respectively.

In the event of bankruptcy or liquidation of the Bank, repayment of this debt is subordinate to the repayments of the Bank's liabilities to all other creditors.

Preference shares:

As of 31 December 2006, 400,000 preference shares of Alliance Bank were issued and fully paid. As of 31 December 2005, 50,000 shares were issued and fully paid, 740 shares were repurchased.

The preference shares are not mandatorily redeemable. They carry a mandatory dividend payment amounting to KZT 1,000 per share and are classified as a subordinated debt based on IAS 32 Financial instruments: Presentation.

IAS 32 Financial instruments: Presentation requires that preference shares or their component parts to be classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. As of 31 December 2006 the Bank reclassified prior year and current period issuance of preference shares in amount of KZT 3,636 million as a subordinated debt to comply with the requirements of IAS 32.

29. Share Capital

Ordinary shares: As of 31 December 2006 6,037,500 shares were authorized, 6,000,808 shares were issued and fully paid. As of 31 December 2005 2,750,000 shares were authorized, 2,440,715 shares were issued and fully paid. As of 31 December 2004 2,750,000 shares were authorized, 1,461,871 shares were issued and fully paid, 12,955 shares were repurchased.

The below table provides a reconciliation of the number of shares outstanding as of 31 December 2006, 2005 and 2004:

	Ordinary shares Share '000
31 December 2003	358
Issue of ordinary shares	1,091
31 December 2004	1,449
Issue of ordinary shares	992
31 December 2005	2,441
Issue of ordinary shares	3,560
31 December 2006	6,001

(in Kazakhstani tenge and in millions)

As of 31 December 2006 and 2004 400,000 and 50,000 preference shares of the Bank were issued and fully paid with par value KZT 12,450 and KZT 10,000 per share, respectively. During 2005, 740 shares were repurchased. As of 31 December 2006 the Bank reclassified preference shares in amount of KZT 3,636 million as a subordinated debt to comply with the requirements of IAS 32.

30. Financial Commitments and Contingencies

In the normal course of business the Bank is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the balance sheet.

The Bank's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance sheet operations.

The risk-weighted amount is obtained by applying credit conversion factors and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision ("Basle Committee").

As of 31 December 2006, 2005 and 2004, the nominal or contract amounts and the risk weighted credit equivalents of instruments with off-balance sheet risks were:

	31 December 2006		*31 December 2005*		*31 December 2004*	
	Nominal Amount	*Risk Weighted Amount*	*Nominal Amount*	*Risk Weighted Amount*	*Nominal Amount*	*Risk Weighted Amount*
Contingent liabilities						
Guarantees and similar commitments issued	**8,607**	**8,280**	8,501	8,075	4,445	3,890
Letters of credit	**23,780**	**11,492**	5,350	857	694	305
Total contingent liabilities	**32,387**	**19,772**	13,851	8,932	5,139	4,195

As of 31 December 2006, 2005 and 2004, guarantees and similar commitments issued of KZT 158 million, KZT 286 million and KZT 509 million, respectively, were secured by cash deposited at customer accounts.

As of 31 December 2006, 2005 and 2004, standby letters of credit of KZT 61 million, KZT 1,782 million and KZT 42 million, respectively, were secured by cash deposited at customer accounts.

The Bank has made a provision of KZT 169 million, KZT 140 million and KZT 46 million against commitments under guarantees issued and KZT 337 million, KZT 36 million and nil against letter of credit as of 31 December 2006, 2005 and 2004, respectively.

Capital commitments

The Bank had no material capital commitments outstanding as of 31 December 2006, 2005 and 2004.

Operating lease commitments

Where the Bank is the lessee, the future minimum lease payments under non cancelable operating leases are as follows:

	31 December 2006	*31 December 2005*	*31 December 2004*
Not later than 1 year	**1**	2	—
Later than 1 year and not later than 5 years	**473**	734	476
Later than 5 years	**453**	201	60
Total operating lease commitments	**927**	937	536

Legal proceedings

From time to time and in the normal course of business, claims against the Bank are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxes

Kazakhstani commercial legislation, and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Bank may be assessed additional taxes, penalties and interest. The Bank's management believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2006, 2005 and 2004, the Bank was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

The Bank's principal activities are within the Republic of Kazakhstan. Laws and regulations affecting businesses operating in the Republic of Kazakhstan are subject to frequent changes and the Bank's assets and operations could be at a risk due to negative changes in the political and business environment.

31. Subsequent Events

As of January 2007 the Bank paid dividends on preference shares for the year 2006 1,000 KZT per share. The total amount of dividends, paid, is KZT 400 million.

As of 30 January 2007 the Bank issued Eurobonds amounting to EURO 750 million with annual coupon of 7.875%. The maturity of the Eurobonds is 2012.

As of 7 February 2007 the Bank issued Eurobonds amounting to GBP 250 million with annual coupon of 9.750%. The maturity of the Eurobonds is 2011.

32. Transactions with Related Parties

As defined by IAS 24 "Related party disclosures", a party is related to the Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:

  (i) controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);

  (ii) has an interest in the Bank that gives it significant influence over the Bank; or

  (iii) has joint control over the Bank;

(b) the party is an associate (as defined in IAS 28 Investments in Associates) of the Bank;

(c) the party is a joint venture in which the Bank is a venturer (see IAS 31 Interests in Joint Ventures);

(d) the party is a member of the key management personnel of the Bank or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

(in Kazakhstani tenge and in millions)

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Bank had the following transactions outstanding with related parties as of 31 December 2006, 2005 and 2004:

	31 December 2006		*31 December 2005*		*31 December 2004*	
	Related party balances	***Total category as per financial statements caption***	***Related party balances***	***Total category as per financial statements caption***	***Related party balances***	***Total category as per financial statements caption***
Due from banks	**608**	**23,951**	753	10,238	139	2,198
— *key management personnel of the entity or its parent*	**366**		183		76	
— *other related parties*	**242**		570		63	
Loans to customers, gross	**8,222**	**655,660**	5,513	191,634	374	61,030
— *the parent*	**6,877**		4,060		159	
— *other related parties*	**688**		1,081		—	
— *key management personnel of the entity or its parent*	**657**		372		215	
Allowance for impairment losses	**3**	**21,113**	229	7,555	13	2,606
— *the parent*	**2**		191		2	
— *key management personnel of the entity or its parent*	**1**		3		11	
— *other related parties*	**—**		35		—	
Other assets	**2,584**	**9,904**	—	2,519	—	404
— *other related parties*	**2,584**		—		—	

Included in the income statement for the years ended 31 December 2006, 2005 and 2004 are the following amounts which arose due to transactions with related parties:

	31 December 2006		*31 December 2005*		*31 December 2004*	
	Related party balances	***Total category as per financial statements caption***	***Related party balances***	***Total category as per financial statements caption***	***Related party balances***	***Total category as per financial statements caption***
Interest income	**587**	**80,193**	290	17,858	21	6,973
— *the parent*	**393**		162			
— *other related parties*	**158**		97		15	
— *key management personnel of the entity or its parent*	**36**		31		6	
Interest expense	**(28)**	**(40,350)**	(301)	(11,604)	(6)	(4,205)
— *the parent*	**—**		—			
— *other related parties*	**(28)**		(301)		(2)	
— *key management personnel of the entity or its parent*	**—**		—		(4)	
Operating expenses	**(144)**	**(11,301)**	(78)	(4,188)	(40)	(2,261)
— *key management personnel of the entity or its parent*	**(144)**		(78)		(40)	
Commission income	**24**	**6,019**	3	2,942	—	1,380
— *the parent*	**15**		2	—	—	
— *other related parties*	**9**		1	—	—	
Commission expense	**(2,569)**	**(3,390)**	—	(440)	—	(113)
— *other related parties*	**(2,569)**					

(in Kazakhstani tenge and in millions)

33. Segment Reporting

The Bank's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business segments

The Bank is organized on the basis of three main business segments:

Retail banking — representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

Corporate banking — representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

Investment banking — representing financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below:

	Retail banking	*Corporate banking*	*Investment banking*	*Unallocated*	*Eliminations*	*Year ended 31 December 2006*
External operating income	32,213	21,183	(21,727)	(400)	—	**31,269**
Income from other segments	—	—	23,711	—	(23,711)	**—**
Expense on other segments	(9,990)	(13,721)	—	—	23,711	**—**
Total operating income	22,223	7,462	1,984	(400)	—	**31,269**
Operating expenses	(7,700)	(2,872)	(729)	—	—	**(11,301)**
Operating profit	14,523	4,590	1,255	(400)	—	**19,968**
Other provisions	—	(302)	—	(54)	—	**(356)**
Proit before tax	14,523	4,288	1,255	(454)	—	**19,612**
Income tax expense	—	—	—	(5,602)	—	**(5,602)**
Net profit	14,523	4,288	1,255	(6,056)	—	**14,010**
Segment assets	286,235	440,204	181,529	255,507	(242,725)	**920,750**
Segment liabilities, net of income tax liabilities	112,052	320,186	408,474	219,613	(221,625)	**838,700**
Other segment items						
Depreciation expense	(435)	(231)	(30)	—	—	**(696)**
External interest income	44,354	30,255	5,584	—	—	**80,193**
Internal interest income	—	—	23,711	—	(23,711)	**—**
External interest expense	(5,846)	(6,139)	(27,965)	(400)	—	**(40,350)**
Internal interest expense	(9,990)	(13,721)	—	—	23,711	**—**
Provision for impairment losses on interest bearing assets	(6,030)	(8,002)	—	—	—	**(14,032)**
Commission income	1,777	4,236	6	—	—	**6,019**
Commission expense	(3,031)	(277)	(82)	—	—	**(3,390)**
Loans to customers	269,351	365,196	—	—	—	**634,547**
Property, equipment and intangible assets	—	—	—	12,782	—	**12,782**
Customer accounts	107,886	164,900	—	—	—	**272,786**
Capital expenditure	2,994	4,604	2,032	—	—	**9,630**
Cash flow from:						
Operating activities	(22,889)	(35,202)	(15,539)	—	—	**(73,630)**
Investing activities	(1,022)	(1,571)	(693)	—	—	**(3,286)**

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

	Retail banking	*Corporate banking*	*Investment banking*	*Unallocated*	*Eliminations*	*Year ended 31 December 2005*
External operating income	1,655	5,683	(1,771)	—	—	5,567
Income from other segments	364	—	2,362	—	(2,726)	—
Expense on other segments	—	(2,726)	—	—	2,726	—
Total operating income	2,019	2,957	591	—	—	5,567
Operating expenses	(1,708)	(2,473)	(7)	—	—	(4,188)
Operating profit	311	484	584	—	—	1,379
Other provisions	—	(139)	—	—	—	(139)
Profit before tax	311	345	584	—	—	1,240
Income tax expense	—	—	—	356		356
Net profit	311	345	584	356	—	1,596
Segment assets, net of income tax assets	50,753	187,231	92,593	56,791	(55,169)	332,199
Segment liabilities	40,238	135,127	129,361	39,554	(39,554)	304,726
Other segment items						
Depreciation expense	(73)	(198)	—	—	—	(271)
External interest income	4,758	9,972	3,128	—	—	17,858
Internal interest income	364	—	2,362	—	(2,726)	—
External Interest expense	(2,939)	(4,219)	(4,446)	—	—	(11,604)
Internal Interest expense	—	(2,726)	—	—	2,726	—
Provision for impairment losses on interest bearing assets	(1,533)	(3,388)	—	—	—	(4,921)
Commission income	497	2,445	—	—	—	2,942
Commission expense	(90)	(350)	—	—	—	(440)
Loans to customers	49,222	134,857	—	—	—	184,079
Property, equipment and intangible assets	—	—	—	2,181	—	2,181
Customer accounts	37,158	102,075	—	—	—	139,233
Capital expenditure	285	1,187	371	—	—	1,843
Cash flow from:						
Operating activities	(4,804)	(19,969)	(6,226)	—	—	(30,999)
Investing activities	(1,020)	(4,239)	(1,323)	—	—	(6,582)

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

	Retail banking	*Corporate banking*	*Investment banking*	*Unallocated*	*Eliminations*	*Year ended 31 December 2004*
External operating income	(516)	3,695	(29)	—	—	3,150
Income from other segments	—	—	590	—	(590)	—
Expense on other segments	—	(590)	—	—	590	—
Total operating income	(516)	3,105	561	—	—	3,150
Operating expenses	(832)	(1,429)	—	—	—	(2,261)
Operating profit	(1,348)	1,676	561	—	—	889
Other provisions	—	(28)	—	—	—	(28)
Profit before tax	(1,348)	1,648	561	—	—	861
Net profit	(1,348)	1,648	561	—	—	861
Segment assets, net of income tax assets	9,919	52,507	56,398	45,989	(45,069)	119,744
Segment liabilities	21,453	35,348	47,071	35,571	(35,571)	103,872
Other segment items						
Depreciation expense	(14)	(84)	(57)	—	—	(155)
External interest income	752	5,245	976	—	—	6,973
Internal interest income	—	—	—	590	(590)	—
External interest expense	(1,427)	(1,683)	(1,095)	—	—	(4,205)
Internal interest income	—	(590)	—	—	590	—
Provision for impairment losses on interest bearing assets	(321)	(984)	—	—	—	(1,305)
Commission income	216	1,164	—	—	—	1,380
Commission expense	(19)	(85)	(9)	—	—	(113)
Loans to customers	9,010	49,414	—	—	—	58,424
Property, equipment and intangible assets	—	—	—	1,036	—	1,036
Customer accounts	18,225	49,512	—	—	—	67,737
Capital expenditure	40	248	169	—	—	457
Cash flow from:						
Operating activities	(208)	(1,287)	(876)	—	—	(2,371)
Investing activities	407	2,514	1,710			4,631

(in Kazakhstani tenge and in millions)

Geographical segments

Segment information for the main geographical segments of the Bank is set out below as at 31 December 2006, 2005 and 2004 and for the years then ended.

	Kazakhstan	*Other non-OECD countries*	*OECD Countries*	*31 December 2006 Total*
External operating income	23,733	1,114	6,422	**31,269**
External net profit	10,714	482	2,814	**14,010**
Assets	752,517	28,898	139,335	**920,750**
Liabilities, net of income tax liabilities	335,625	33,753	469,322	**838,700**
Capital expenditure	9,630	—	—	**9,630**

	Kazakhstan	*Other non-OECD countries*	*OECD Countries*	*31 December 2005 Total*
External operating income	4,179	519	869	5,567
External net profit	1,198	149	249	1,596
Assets, net of income tax assets	278,072	7,017	47,110	332,199
Liabilities	168,234	3,199	133,293	304,726
Capital expenditure	1,843	—	—	1,843

	Kazakhstan	*Other non-OECD countries*	*OECD Countries*	*31 December 2004 Total*
External operating income	3,031	16	103	3,150
External net profit	828	4	29	861
Assets, net of income tax assets	117,840	524	1,380	119,744
Liabilities	98,323	238	5,311	103,872
Capital expenditure	457	—	—	457

External operating income, assets, capital expenditure have generally been allocated based on domicile of the counterparty. Tangible assets (cash on hand, precious metals, premises and equipment) have been allocated based on the country in which they are physically held.

(in Kazakhstani tenge and in millions)

34. Fair Value of Financial Instruments

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available published price quotations in an active market exists for a large part of the Bank's financial instruments, judgment is necessary in arriving at fair value using a valuation technique, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a market exchange from the sale of its full holdings of a particular instrument.

	31 December 2006		*31 December 2005*		*31 December 2004*	
	Current value	*Fair value*	*Current value*	*Fair value*	*Current value*	*Fair value*
Cash and balances with the National bank of the Republic of Kazakhstan	**99,594**	**99,594**	42,327	42,327	19,631	19,631
Financial assets at fair value through profit or loss	**133,745**	**133,745**	79,283	79,283	31,324	31,324
Due from banks	**23,951**	**23,951**	10,238	10,238	2,198	2,198
Investment available-for-sale	**5,176**	**5,176**	11,109	11,109	5,467	5,467
Investment held-to-maturity	**43**	**43**	463	463	1,260	1,260
Due to banks	**363,005**	**363,005**	98,780	98,780	26,056	26,056
Due to other financial institutions	**25,174**	**25,174**	987	987	—	—
Customer accounts	**272,786**	**272,786**	139,233	139,233	67,737	67,737
Debt securities issued	**139,249**	**138,331**	53,488	54,412	1,999	1,978
Subordinated debt	**32,614**	**33,266**	5,349	5,801	3,873	5,603

The fair value of loans to customers can not be measured reliably as it is not practicable to obtain market information or apply any other valuation techniques on such instruments.

35. Regulatory Matters

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (as set forth in the table below) of total and tier 1 capital to risk weighted assets.

The capital is calculated as the amount of restricted and free components of the equity.

The ratio was calculated according to the principles employed by the Basle Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for losses:

Estimate	*Description of position*
0%	Cash and balances with the National Bank of the Republic of Kazakhstan
0%	State debt securities in KZT
20%	Loans and advances to banks for up to 1 year
100%	Loans and advances to customers
100%	Other assets
0%	Standby letters of credit secured by customer funds Other standby letters of credit and other transaction related contingent obligations and commitments on unused loans with the
50%	initial maturity of over 1 year
100%	Guarantees issued and similar commitments

(in Kazakhstani tenge and in millions)

The Bank actual capital amounts and ratios are presented in the following table:

Capital amounts and ratios	*For Capital Adequacy purposes*	*Ratio For Capital Adequacy purposes*	*Minimum Required Ratio*
As of 31 December 2006			
Total capital	105,784	15.62%	8%
Tier 1 capital	91,417	13.50%	4%
As of 31 December 2005			
Total capital	32,750	13.32%	8%
Tier 1 capital	27,336	11.12%	4%
As of 31 December 2004			
Total capital	19,813	27.06%	8%
Tier 1 capital	15,877	21.68%	4%

As of 31 December 2006, 2005 and 2004 the Bank included in the computation of total capital for capital adequacy purposes the subordinated debt received, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Bank repayment of this debt is subordinated to the repayments of the Bank's liabilities to all other creditors.

36. Risk Management Policies

Management of risk is fundamental to the banking business and is an essential element of the Bank's operations. The main risks inherent to the Bank operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Bank risk management policies in relation to those risks follows.

The Bank manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimization. Risk Management Department performs determination of the optimal structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

Cash flow interest rate risk

Cash flow interest rate risk — the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Treasury Department performs management of interest rate risks through determination of the transferring rates and general rates of borrowed and allocated resources, which enables the Bank to avoid negative interest margin. Risk Management Department develops limits for interest gaps and performs monitoring of spread level and net interest margin. Assets and Liabilities Management Committee approves limits on interest gaps, transferring rates and general interest rates for borrowed and allocated resources.

Currently, a considerable part of customer deposits are repayable on demand. However, the fact that these deposits are diversified by the number and type of customers and the Bank previous experience indicate that these deposits is a stable and long-term source of finance for the Bank.

(in Kazakhstani tenge and in millions)

The following table presents an analysis of interest rate risk and thus the potential of the Bank for gain or loss. Effective average interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Bank.

	31 December 2006				
	KZT	*USD*	*EURO*	*RUR*	*Other Currencies*
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	**2.90**	**—**	**—**	**—**	**—**
Financial assets at fair value through profit or loss	**4.90**	**4.50**	**5.20**	**—**	**1.90**
Due from banks	**1.70**	**4.70**	**2.70**	**0.90**	**—**
Loans to customers	**21.80**	**12.90**	**10.10**	**17.40**	**11.20**
Investments available-for-sale	**8.30**	**6.90**	**—**	**—**	**—**
Investments held-to-maturity	**6.30**	**—**	**—**	**—**	**—**
LIABILITIES					
Due to banks	**8.10**	**8.00**	**6.90**	**8.60**	**5.20**
Due to other financial institutions	**—**	**8.00**	**—**	**—**	**—**
Customer accounts	**6.10**	**6.10**	**7.30**	**0.10**	**—**
Debt securities issued	**9.30**	**10.80**	**—**	**—**	**—**
Subordinated debt	**10.70**	**11.50**	**—**	**—**	**—**

	31 December 2005			
	KZT	*USD*	*EURO*	*RUR*
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	3.50	—	—	—
Financial assets at fair value through profit or loss	3.40	6.10	3.54	—
Due from banks	4.40	3.00	—	—
Loans to customers	14.6	10.9	12.70	—
Investments available-for-sale	2.10	12.2	—	—
Investments held-to-maturity	5.90	—	—	—
LIABILITIES				
Due to banks	7.10	6.02	4.82	—
Due to other financial institutions	5.80	6.66	7.00	—
Customer accounts	9.10	7.10	6.50	2.00
Debt securities issued	8.50	10.2	—	—
Subordinated debt	10.20	—	—	—

	31 December 2004			
	KZT	*USD*	*EURO*	*RUR*
ASSETS				
Financial assets at fair value through profit or loss	7.16	5.33	3.85	—
Due from banks	5.56	—	—	—
Loans to customers	13.9	12.25	13.40	—
Investments available-for-sale	9.1	4.05	—	—
Investments held-to-maturity	5.39	8.5	—	—
LIABILITIES				
Due to banks	5.90	3.94	4.96	—
Customer accounts	9.70	7.35	6.57	1.00
Debt securities issued	9.30	—	—	—
Subordinated debt	9.32	—	—	—

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

The analysis of interest rate and liquidity risk on balance sheet transactions is presented in the following table:

	Up to 1 month	*1 month to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Maturity undefined*	*31 December 2006 Total*
ASSETS							
Financial assets at fair value through profit or loss	107,802	325	537	7,312	17,769	—	**133,745**
Due from banks	15,950	1,121	600	665	—	—	**18,336**
Loans to customers	35,648	4,059	99,059	341,955	141,759	—	**622,480**
Investments available-for-sale	2,893	40	202	1,540	425	—	**5,100**
Investments held-to-maturity	—	—	43	—	—	—	**43**
Total interest bearing assets	162,293	5,545	100,441	351,472	159,953	—	**779,704**
Cash and balances with the National Bank of the Republic of Kazakhstan	99,594	—	—	—	—	—	**99,594**
Due from banks	5,615	—	—	—	—	—	**5,615**
Overdue loans to customers	339	61	450	10,359	858	—	**12,067**
Investments available-for-sale	—	—	—	—	—	76	**76**
Property, equipment and intangible assets	—	—	—	—	—	12,782	**12,782**
Non-current assets held-for-sale	—	1,008	—	—	—	—	**1,008**
Other assets	3,061	2,831	4,012	—	—	—	**9,904**
TOTAL ASSETS	270,902	9,445	104,903	361,831	160,811	12,858	**920,750**
LIABILITIES							
Deposit from the National Bank of the Republic of Kazakhstan	2,000	—	—	—	—	—	**2,000**
Due to banks	25,989	14,526	173,260	149,224	—	—	**362,999**
Due to other financial institutions	1,381	3,086	15,938	4,769	—	—	**25,174**
Customer accounts	51,034	10,871	65,932	82,580	3,182	—	**213,599**
Debt securities issued	6,260	—	—	89,355	43,634	—	**139,249**
Subordinated debt	653	—	—	5,213	4,351	22,397	**32,614**
Total interest bearing liabilities	87,317	28,483	255,130	331,141	51,167	22,397	**775,635**
Due to banks	6	—	—	—	—	—	**6**
Customer accounts	59,187	—	—	—	—	—	**59,187**
Income tax liabilities	—	—	2,012	—	—	—	**2,012**
Other liabilities	1,972	1,394	—	—	—	506	**3,872**
TOTAL LIABILITIES	148,482	29,877	257,142	331,141	51,167	22,903	**840,712**
Liquidity gap	122,420	(20,432)	(152,239)	30,690	109,644		
Interest sensitivity gap	74,976	(22,938)	(154,689)	20,331	108,786		
Cumulative interest sensitivity gap	74,976	52,038	(102,651)	(82,320)	26,466		
Cumulative interest sensitivity gap as a percentage of total assets	8.1%	5.7%	(11.1)%	(8.9)%	2.9%		

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

	Up to 1 month	*1 month to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Maturity undefined*	*31 December 2005 Total*
ASSETS							
Cash and balances with the National Bank of the Republic of Kazakhstan	42,327	—	—	—	—	—	42,327
Financial assets at fair value through profit or loss	79,283	—	—	—	—	—	79,283
Due from banks	7,600	274	237	—	—	—	8,111
Loans to customers	7,617	8,063	30,830	117,787	18,242		182,539
Investments available-for-sale	—	—	57	3,324	7,652	—	11,033
Investments held-to-maturity	—	—	417	46	—	—	463
Total interest bearing assets	136,827	8,337	31,541	121,157	25,894	—	323,756
Investments available -for-sale	—	—	—	—	—	76	76
Due from banks	2,127	—	—	—	—	—	2,127
Overdue loans to customers	148	6	42	1,083	261	—	1,540
Property, equipment and intangible assets	—	—	—	—	—	2,181	2,181
Income tax assets	—	—	559	—	—	—	559
Other assets	2,519	—	—	—	—	—	2,519
TOTAL ASSETS	141,621	8,343	32,142	122,240	26,155	2,257	332,758
LIABILITIES							
Deposit from the National Bank of the Republic of Kazakhstan	4,000	2,000	—	—	—	—	6,000
Due to banks	9,428	11,031	43,258	35,037	—	—	98,754
Due to other financial institutions	—	414	573	—	—	—	987
Customer accounts	27,819	12,291	37,599	40,291	446	—	118,446
Debt securities issued	—	—	2,334	51,154	—	—	53,488
Subordinated debt	—	—	57	—	5,292	—	5,349
Total interest bearing liabilities	41,247	25,736	83,821	126,482	5,738	—	283,024
Due to banks	26	—	—	—	—	—	26
Customer accounts	20,787	—	—	—	—	—	20,787
Other liabilities	713	—	—	—	—	176	889
TOTAL LIABILITIES	62,773	25,736	83,821	126,482	5,738	176	304,726
Liquidity gap	78,848	(17,393)	(51,679)	(4,242)	20,417		
Interest sensitivity gap	95,580	(17,399)	(52,280)	(5,325)	20,156		
Cumulative interest sensitivity gap	95,580	78,181	25,901	20,576	40,732		
Cumulative interest sensitivity gap as a percentage of total assets	28.7%	23.5%	7.8%	6.2%	12.2%		

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

	Up to 1 month	*1 month to 3 months*	*3 months to 1 year*	*1 year to 5 years*	*Over 5 years*	*Maturity undefined*	*31 December 2004 Total*
ASSETS							
Financial assets at fair value through profit or loss	31,324	—	—	—	—	—	31,324
Due from banks	2,109	—	—	—	—	—	2,109
Loans to customers	7,195	5,236	10,798	30,228	4,020	—	57,477
Investments available-for-sale	—	2,827	2,592	—	—	—	5,419
Investments held-to-maturity	—	—	804	456	—	—	1,260
Total interest bearing assets	40,628	8,063	14,194	30,684	4,020	—	97,589
Cash and balances with the National Bank of the Republic of Kazakhstan	19,631	—	—	—	—	—	19,631
Due from banks	89	—	—	—	—	—	89
Overdue loans to customers	—	64	161	703	19	—	947
Investments available-for-sale	—	—	—	—	—	48	48
Property, equipment and intangible assets	—	—	—	—	—	1,036	1,036
Income tax assets	—	—	116	—	—	—	116
Other assets	404	—	—	—	—	—	404
TOTAL ASSETS	60,752	8,127	14,471	31,387	4,039	1,084	119,860
LIABILITIES							
Deposit from the National Bank of the Republic of Kazakhstan	—	4,000	—	—	—	—	4,000
Due to banks	19,794	1,246	4,761	190	—	—	25,991
Customer accounts	15,157	5,814	22,497	16,776	44	—	60,288
Debt securities issued	—	—	—	1,999	—	—	1,999
Subordinated debt	—	—	—	2,459	1,414	—	3,873
Total interest bearing liabilities	34,951	11,060	27,258	21,424	1,458	—	96,151
Due to banks	65	—	—	—	—	—	65
Customer accounts	7,449	—	—	—	—	—	7,449
Other liabilities	161	—	—	—	—	46	207
TOTAL LIABILITIES	42,626	11,060	27,258	21,424	1,458	46	103,872
Liquidity gap	18,126	(2,933)	(12,787)	9,963	2,581		
Interest sensitivity gap	5,677	(2,997)	(13,064)	9,260	2,562		
Cumulative interest sensitivity gap	5,677	2,680	(10,384)	(1,124)	1,438		
Cumulative interest sensitivity gap as a percentage of total assets	4.7%	2.2%	(8.7)%	(0.9)%	1.2%		

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Treasury Department performs currency risk management through management of open currency position, which enables the Bank to minimize losses from significant fluctuations of exchange rates of national and foreign currencies. Risk Analysis and Management Department determines limits on open currency positions, arbitrary positions and stop-loss. All limits and restrictions are approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring.

(in Kazakhstani tenge and in millions)

The Bank's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	*USD USD 1 = KZT 127.00*	*EURO EURO 1 = KZT 167.12*	*Other currencies*	*31 December 2006 Total*
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	68,701	4,909	1,134	24,850	**99,594**
Financial assets at fair value through profit or loss	36,304	95,825	1,394	222	**133,745**
Due from banks	6,521	12,948	1,005	3,477	**23,951**
Loans to customers	350,854	270,211	12,908	574	**634,547**
Investments available-for-sale	3,408	1,768	—	—	**5,176**
Investments held-to-maturity	—	43	—	—	**43**
Property, equipment and intangible assets	12,782	—	—	—	**12,782**
Non-current assets held-for-sale	—	—	—	1,008	**1,008**
Other assets	8,140	1,625	116	23	**9,904**
TOTAL ASSETS	486,710	387,329	16,557	30,154	**920,750**
LIABILITIES					
Deposit from the National Bank of the Republic of Kazakhstan	2,000	—	—	—	**2,000**
Due to banks	113,751	235,430	13,465	359	**363,005**
Due to other financial institutions	—	25,174	—	—	**25,174**
Customer accounts	201,227	67,075	4,291	193	**272,786**
Debt securities issued	17,790	121,459	—	—	**139,249**
Income tax liabilities	2,012	—	—	—	**2,012**
Other liabilities	3,362	222	205	83	**3,872**
Subordinated debt	11,843	20,771	—	—	**32,614**
TOTAL LIABILITIES	351,985	470,131	17,961	635	**840,712**
NET POSITION	134,725	(82,802)	(1,404)	29,519	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 31 December 2006:

Other currency	*KZT*	*USD USD 1 = 127.00 KZT*	*EURO EURO 1 = 167.12 KZT*	*Other Currencies*	*31 December 2006 Total*
Accounts payable on spot and derivative contracts	53,227	76,507	1,807	24,861	**156,402**
Accounts receivable on spot and derivative contracts	384	157,299	917	—	**158,600**
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(52,843)	80,792	(890)	(24,861)	
TOTAL NET POSITION	81,882	(2,010)	(2,294)	4,658	

(in Kazakhstani tenge and in millions)

For the years ended 31 December 2006, 2005 and 2004

	KZT	*USD USD 1 = 133.77 KZT*	*EURO EURO 1 = 158.54 KZT*	*Other currencies*	*31 December 2005 Total*
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	38,754	3,047	420	106	42,327
Financial assets at fair value through profit or loss	35,997	42,996	160	130	79,283
Due from banks	2,229	6,383	635	991	10,238
Loans to customers	92,212	89,082	2,785	—	184,079
Investments available-for-sale	3,792	7,317	—	—	11,109
Investments held-to-maturity	418	45	—	—	463
Property, equipment and intangible assets	2,181	—	—	—	2,181
Income tax assets	559	—	—	—	559
Other assets	1,284	1,196	29	10	2,519
TOTAL ASSETS	177,426	150,066	4,029	1,237	332,758
LIABILITIES					
Deposit from the National Bank of the Republic of Kazakhstan	6,000	—	—	—	6,000
Due to banks	27,753	68,789	2,230	8	98,780
Due to other financial institutions	30	414	543	—	987
Customer accounts	106,711	31,117	1,255	150	139,233
Debt securities issued	7,144	46,344	—	—	53,488
Other liabilities	824	42	23	—	889
Subordinated debt	2,826	2,523	—	—	5,349
TOTAL LIABILITIES	151,288	149,229	4,051	158	304,726
NET POSITION	26,138	837	(22)	1,079	

	KZT	*USD USD 1 = 130.00 KZT*	*EURO EURO 1 = 177.10 KZT*	*Other currencies*	*31 December 2004 Total*
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	18,536	822	204	69	19,631
Financial assets at fair value through profit or loss	30,089	1,235	—	—	31,324
Due from banks	1,306	808	16	68	2,198
Loans to customers	38,288	18,688	1,448	—	58,424
Investments available-for-sale	3,333	2,134	—	—	5,467
Investments held-to-maturity	1,216	44	—	—	1,260
Property, equipment and intangible assets	1,036	—	—	—	1,036
Income tax assets	116	—	—	—	116
Other assets	317	83	2	2	404
TOTAL ASSETS	94,237	23,814	1,670	139	119,860
LIABILITIES					
Deposit from the National Bank of the Republic of Kazakhstan	4,000	—	—	—	4,000
Due to banks	18,113	7,621	322	—	26,056
Customer accounts	53,644	12,578	1,485	30	67,737
Debt securities issued	1,999	—	—	—	1,999
Other liabilities	203	2	2	—	207
Subordinated debt	1,435	2,438	—	—	3,873
TOTAL LIABILITIES	79,394	22,639	1,809	30	103,872
NET POSITION	14,843	1,175	(139)	109	

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Bank is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Bank manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Bank manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Bank's current financial performance, estimates the Bank's sensitivity to changes in fair value interest rates and its influence on the Bank's profitability.

Credit risk

The Bank is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Assets and Liabilities Management Committee sets limits on size and structure of risk assets. The Credit Committee approves each new loan and lease, and any changes and amendments to such agreements. The Credit Department performs current monitoring.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Banks of borrowers, to industry and geographical segments. Limits on the level of credit risk by borrower, product, industry sector and by region are approved by the Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Bank obtains collateral and corporate and personal guaranties. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

(in Kazakhstani tenge and in millions)

Geographical concentration

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	*OECD countries*	*Non-OECD countries*	*31 December 2006 Total*
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	99,594	—	—	**99,594**
Financial assets at fair value through profit or loss	22,988	110,757	—	**133,745**
Due from banks	5,340	17,115	1,496	**23,951**
Loans to customers	597,178	11,224	26,145	**634,547**
Investments available-for-sale	5,176	—	—	**5,176**
Investments held-to-maturity	43	—	—	**43**
Property, equipment and intangible assets	12,782	—	—	**12,782**
Non-current assets held-for-sale	—	—	1,008	**1,008**
Other assets	9,632	23	249	**9,904**
TOTAL ASSETS	752,733	139,119	28,898	**920,750**
LIABILITIES				
Deposit from the National Bank of the Republic of Kazakhstan	2,000	—	—	**2,000**
Due to banks	45,479	284,971	32,555	**363,005**
Loans form other financial institutions	—	25,174	—	**25,174**
Customer accounts	252,289	19,338	1,159	**272,786**
Debt securities issued	17,790	121,459	—	**139,249**
Income tax liabilities	2,012	—	—	**2,012**
Other liabilities	3,814	19	39	**3,872**
Subordinated debt	14,253	18,361	—	**32,614**
TOTAL LIABILITIES	337,637	469,322	33,753	**840,712**
NET BALANCE SHEET POSITION	415,096	(330,203)	(4,855)	

	Kazakhstan	*OECD countries*	*Non-OECD countries*	*31 December 2005 Total*
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	42,327	—	—	42,327
Financial assets at fair value through profit or loss	41,435	37,719	129	79,283
Due from banks	6,853	2,865	520	10,238
Loans to customers	177,495	216	6,368	184,079
Investments available-for-sale	5,742	5,367	—	11,109
Investments held-to-maturity	463	—	—	463
Property, equipment and intangible assets	2,181	—	—	2,181
Income tax assets	559	—	—	559
Other assets	1,576	943	—	2,519
TOTAL ASSETS	278,631	47,110	7,017	332,758
LIABILITIES				
Deposit from the National Bank of the Republic of Kazakhstan	6,000	—	—	6,000
Due to banks	11,925	85,929	926	98,780
Due to other financial institutions	573	414	—	987
Customer accounts	136,907	53	2,273	139,233
Debt securities issued	6,591	46,897	—	53,488
Other liabilities	889	—	—	889
Subordinated debt	5,349	—	—	5,349
TOTAL LIABILITIES	168,234	133,293	3,199	304,726
NET POSITION	110,397	(86,183)	3,818	

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	Kazakhstan	*OECD countries*	*Non-OECD countries*	*31 December 2004 Total*
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	19,631	—	—	19,631
Financial assets at fair value through profit or loss	30,804	520	—	31,324
Due from banks	1,314	816	68	2,198
Loans to customers	57,975	—	449	58,424
Investments available-for-sale	5,467	—	—	5,467
Investments held-to-maturity	1,260	—	—	1,260
Property, equipment and intangible assets	1,036	—	—	1,036
Income tax assets	116	—	—	116
Other assets	353	44	7	404
TOTAL ASSETS	117,956	1,380	524	119,860
LIABILITIES				
Deposit from the National Bank of the Republic of Kazakhstan	4,000	—	—	4,000
Due to banks	21,653	4,319	84	26,056
Customer accounts	66,591	992	154	67,737
Debt securities issued	1,999	—	—	1,999
Other liabilities	207	—	—	207
Subordinated debt	3,873	—	—	3,873
TOTAL LIABILITIES	98,323	5,311	238	103,872
NET POSITION	19,633	(3,931)	286	

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