NurFinance B.V.

(incorporated with limited liability in The Netherlands)

U.S.$150,000,000

9.375 per cent. Notes due 2011

Unconditionally and irrevocable guaranteed by

JSC Nurbank

(a joint stock company registered in the Republic of Kazakhstan)

Issue Price: 98.543 per cent.

The U.S.$150,000,000 9.375 per cent. Notes due 2011 (the ''Notes'') are issued by NurFinance (the ''Issuer'' or ''NurFinance'') and are guaranteed by JSC Nurbank, a joint stock company organised in the Republic of Kazakhstan (''Nurbank'', the ''Bank'' or the ''Guarantor''). Interest on the Notes will accrue from the Closing Date (as defined below) and will be payable semi-annually in arrear on 17 April and 17 October of each year, commencing on 17 April 2007. The Bank will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes (the ''Guarantee'') pursuant to a trust deed to be dated 17 October 2006 (the ''Trust Deed'') between the Issuer, the Bank and The Bank of New York, acting through its London branch, as trustee for the holders of the Notes (the ''Trustee''). The Notes will be subject to, and have the benefit of, the Trust Deed.

Application has been made to the Commission de Surveillance du Secteur Financier (''CSSF'') in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to approve this Prospectus as a prospectus, and this Prospectus constitutes a prospectus for the purposes of article 5 of Directive 2003/71/EC (the ''Prospectus Directive''). Application has also been made to the Luxembourg Stock Exchange for the Notes to be listed and admitted to trading on the Luxembourg Stock Exchange's regulated market, which is the regulated market in Luxembourg. In this Prospectus, references to ''regulated market'' shall mean a regulated market for the purposes of European Parliament and Council Directive 2004/39/EC.

See ''Risk Factors'' starting on page 16 for a discussion of certain factors that should be considered in connection with an investment in the Notes.

Payments on the Notes will be made free and clear of any withholding taxes in The Netherlands or the Republic of Kazakhstan. Although the Guarantor is obliged to withhold taxes from payments to the Issuer to fund the Issuer's obligations under the Notes, the Guarantor has agreed to gross up such payments to ensure the Issuer receives an amount sufficient to meet its obligations in respect of the Notes as if no withholding had been made. The Issuer may redeem the Notes in whole, but not in part, if a withholding of tax is required in The Netherlands or in the event that the Guarantor is required to increase the amount it is required to gross up after the date hereof, all as more fully set out in Condition 9 of the Terms and Conditions of the Notes.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the ''Securities Act''), and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in ''Subscription and Sale'') in accordance with Regulation S under the Securities Act (''Regulation S''), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in registered form and will initially be represented by beneficial interests in a global note certificate (the ''Global Note Certificate''), in fully registered form, without interest coupons, which will be deposited on or around 17 October 2006 (the ''Closing Date'') with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (''Euroclear'') and Clearstream Banking, société anonyme (''Clearstream, Luxembourg''). The Global Note Certificate will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive, fully registered, form, without coupons, in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof (''Individual Note Certificates''). See ''Form of Notes and Transfer Restrictions; Summary of Provisions Relating to the Notes in Global Form''.

Joint Lead Managers

HSBC **ING Wholesale Banking**

The date of this Prospectus is 16 October 2006

This Prospectus contains information provided by the Issuer and the Bank in the context of the issue and offering of the Notes.

Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Bank, the Managers or the Trustee that any recipient of this Prospectus or any other information supplied relating to the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Bank. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Bank, the Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the Managers nor the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or the Trustee as to the accuracy or completeness at any time of this Prospectus. No person has been authorised by the Issuer, the Bank, the Managers or the Trustee to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Notes come are required by the Issuer, the Bank, the Managers and the Trustee to inform themselves about and to observe any such restrictions. In particular, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Prospectus and other information in relation to the Notes set out under ''Subscription and Sale'' below.

Furthermore, none of the Issuer, the Bank, the Managers or the Trustee makes any comment about the treatment for taxation purposes of payments or receipts in respect of any Notes. Each investor contemplating acquiring Notes must seek such tax or other professional advice as it considers necessary for the purpose.

IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC (OR ANY PERSON ACTING ON BEHALF OF HSBC BANK PLC) MAY OVER-ALLOT NOTES (PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF NOTES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE CLOSING DATE, BUT IN DOING SO SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER. HOWEVER, THERE IS NO ASSURANCE THAT HSBC BANK PLC (OR ANY PERSON ACTING ON BEHALF OF HSBC BANK PLC) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

RESPONSIBILITY STATEMENT

The Issuer and the Bank (the ''Responsible Persons'') accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Responsible Persons (which have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. Certain information in this Prospectus contained under the headings ''Financial Review and Financial Condition — Kazakhstan's economy'' and ''The Banking Sector in Kazakhstan'' has been extracted from documents and other publications released by, and is presented on the authority of, publications released by the National Bank of Kazakhstan (the ''NBK''), Kazakhstan's National Statistical Agency (the ''NSA'') and the Agency Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organisations (the ''FMSA''). There is not necessarily any uniformity of view among such sources as to such information provided herein. The Bank accepts responsibility for accurately reproducing such extracts, and as far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render such information inaccurate or misleading in any material respect.

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ENFORCEMENT OF FOREIGN JUDGMENTS

The Bank is a joint stock company organised under the legislation of Kazakhstan and certain of its officers and directors and certain other persons referred to in this Prospectus are residents of Kazakhstan. All or a substantial portion of the assets of the Bank and of each of such persons are located in Kazakhstan. As a result, it may not be possible (a) to effect service of process upon the Bank or any such person outside Kazakhstan, (b) to enforce against any of them, in courts of jurisdictions other than Kazakhstan, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions or (c) to enforce against any of them, in Kazakhstan's courts, judgments obtained in jurisdictions other than Kazakhstan, including judgments obtained in respect of the Notes, the Guarantee (contained in the Trust Deed) or the Trust Deed in the courts of England.

The Notes, the Guarantee (contained in the Trust Deed), the Trust Deed and the Paying Agency Agreement (as defined in "Terms and Conditions of the Notes") are governed by the laws of England and the Issuer and the Guarantor have agreed in the Notes or the Guarantee (contained in the Trust Deed), as the case may be, and in the Trust Deed and in the Paying Agency Agreement that disputes arising thereunder are subject to the jurisdiction of the English courts or, at the election of the Trustee or, in certain circumstances, a Noteholder (as defined in "Terms and Conditions of the Notes"), to arbitration in London, England. See "Terms and Conditions of the Notes — Condition 20". Courts in Kazakhstan 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 England. However, each of Kazakhstan and England are parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards (the "Convention"), and English arbitration awards are generally recognised and enforceable in Kazakhstan provided the conditions to enforcement set out in the Convention are met.

A new Law on International Commercial Arbitration was adopted by the Kazakhstan Parliament effective 28 December 2004. This law is intended to resolve uncertainty created by prior decisions of the Constitutional Council of Kazakhstan regarding enforcement of the Convention in Kazakhstan and which were effective 15 February 2002 and 12 April 2002.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements can be identified by the use of forward-looking terminology such as ''estimates'', ''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, or by discussions of strategy, plans or intentions. 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. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised.

Factors that might affect such forward-looking statements include, among other things: overall economic and business conditions; the demand for the Bank's services; competitive factors in the market sectors in which the Bank competes; changes in governmental regulation; 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 market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders; and the timing, impact and other uncertainties of future actions. See ''Risk Factors'' for a discussion of important factors that could cause actual results to differ materially from these forward-looking statements.

The Bank is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributed to the Bank, or persons acting on the Bank's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. A prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

PRESENTATION OF FINANCIAL INFORMATION

The Bank maintains its books of accounts in Tenge in accordance with the relevant laws in Kazakhstan and with the regulations of the NBK. The Bank's audited consolidated financial statements as at and for the years ended 31 December 2005 and 2004 (the ''Audited Financial Statements'') have been prepared in accordance with International Financial Reporting Standards (''IFRS''). The Bank's Audited Financial Statements have been audited by Ernst & Young LLP (''Ernst & Young'') located at 240G, Furmanov Street, Almaty 050099, Kazakhstan. The unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2006 and 2005 (the ''Interim Financial Statements'') were prepared by the Bank in accordance with International Accounting Standard IAS 34 ''Interim Financial Reporting'' and were reviewed by Ernst & Young. The Audited Financial Statements together with Interim Financial Statements are referred to herein as the ''Financial Statements''.

Average balance and statistical data included in this Prospectus has been prepared on the basis of average daily balances for information in 2005 and 2006 whereas for 2004, this has been calculated using a simple average (i.e., in the case of balance sheet data, taking the opening and closing balances for the relevant period). Accordingly, investors should be aware such information may not be comparable with 2005 and 2006 average balance and statistical data.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Prospectus:

- the ''Bank'' and the ''Guarantor'' refer to JSC Nurbank, and, where the context permits, the Bank and its subsidiaries;
- ''Basel Accord'' refers to the 1988 Capital Accord adopted by the Basel Committee on Bank Regulations and Supervisory Practice;
- ''CIS'' refers to the Commonwealth of Independent States;
- ''DBK'' refers to the Development Bank of Kazakhstan;
- ''EBRD'' refers to the European Bank for Reconstruction and Development;
- ''EU'' refers to the European Union;
- ''€'' and ''euros'' refer to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- ''FMSA'' refers to the Agency of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organisations;
- ''Group'' refers to the Bank and its subsidiaries;
- ''Issuer'' refers to NurFinance B.V.;
- ''Kazakhstan'' or the ''Republic'' refer to the Republic of Kazakhstan;
- ''NBK'' refers to the National Bank of Kazakhstan;
- ''NBK Regulations'' refers to the regulations adopted by NBK;
- ''NSA'' refers to Kazakhstan's National Statistical Agency;
- ''OECD'' refers to the Organisation for Economic Co-operation and Development;
- ''Tenge'' or ''KZT'' refer to Kazakhstan Tenge, the official currency of Kazakhstan;
- ''United States'' or the ''U.S.'' refers to the United States of America; and
- ''U.S.$'' and ''U.S. dollars'' refer to the lawful currency of the United States.

Solely for the convenience of the reader, the Bank has translated the summary income statement information for the six months ended 30 June 2006 and the year ended 31 December 2005 into U.S.$ at the average exchange rates of U.S.$1.00 = KZT 127.11 and U.S.$1.00 = KZT 132.88, respectively, and the summary balance sheet information as at 30 June 2006 and 31 December 2005 at the rates of U.S.$1.00 = KZT 118.69 and U.S.$1.00 = KZT 133.98, respectively.

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.

OVERVIEW OF THE ISSUER AND THE BANK

The following summary highlights significant aspects of the Issuer's and the Bank's businesses and the offering of the Notes, but prospective investors should read this entire Prospectus, including the Bank's Financial Statements and the related notes, included elsewhere in this Prospectus, before making an investment decision. Prospective investors should also carefully consider the information set forth under "Risk Factors".

The Issuer

The Issuer is a limited liability company incorporated on 31 July 2006 under the laws of The Netherlands. The Issuer's primary business consists of raising funds on the international capital markets and lending such funds to the Bank.

The Bank

On 3 August 1992, a group of local shareholders with the support of Atyrau Akimat (a local regional authority) incorporated the Bank as an open joint stock company for the purpose of facilitating investments into local oil and gas companies located in Western Kazakhstan. In 1999, the Bank was acquired by JSC MangistauMunaiGas, JSC Sugar Center and other local commercial companies operating in the private sector. On 9 November 2004, the Bank completed its re-registration as a joint stock company. In order to comply with the requirements of Law on Joint-Stock Companies of Kazakhstan dated 13 May 2003 as amended, the General Shareholders Meeting of the Bank adopted a new Charter on 31 December 2005 which was approved by the FMSA on 24 February 2006. As at the date of this Prospectus the Bank is owned by a number of local companies, management of the Bank and private persons. See "Share Capital and Principal Shareholders".

The Bank's Business

According to information filed with the FMSA, the Bank is the eighth largest commercial bank in Kazakhstan in terms of total assets, which as at 30 June 2006 were KZT 141,623 million, compared to KZT 121,482 million as at 31 December 2005. According to the information filed with the FMSA, the Bank was also the twelfth largest bank in Kazakhstan in terms of total customer deposits, excluding deposits from the Government and the NBK as well as from credit institutions, which amounted to KZT 47,246 million as at 30 June 2006. The Bank's retail deposits of KZT 15,140 million as at 30 June 2006 represented approximately 32.0 per cent. of total customer deposits of the Bank, compared to 28.6 per cent. as at 31 December 2005 (KZT 13,310 million). The Bank's net income for the six months ended 30 June 2006 was KZT 815 million, compared to KZT 848 million for the six months ended 30 June 2005. The Bank's shareholders' equity as at 30 June 2006 was KZT 18,642 million, compared to KZT 14,040 million as at 31 December 2005. Including subordinated debt, the Bank's total regulatory capital according to the prudential requirements set forth by the FMSA as at 30 June 2006 amounted to KZT 23,518 million compared to KZT 17,861 million as at 31 December 2005.

The Bank's primary business consists of corporate and retail banking. The Bank accepts deposits, grants and extends loans, opens credit lines, transfers payments within Kazakhstan and abroad (as a member of Western Union system), and provides currency exchange and other banking services to its corporate and retail customers. Some services, such as brokerage and asset management services are offered by the Bank's subsidiaries. The Bank participates in both the fixed income securities and the foreign currency markets in Kazakhstan. Trade finance (including documentary instruments) and medium-/long-term structured finance are also considered to be a part of core business of the Bank.

As at the date of this Prospectus, the Bank, in addition to its headquarters in Almaty, has 15 branches covering all the major regions of Kazakhstan, including Astana, Atyrau, Aktobe, Aktau, Karaganda, Shymkent, Pavlodar, Kostanay, Ust-Kamenogorsk, Petropavlovsk, Kokshetau, Uralsk and Taraz. In addition, the Bank has 22 cash settlement units throughout Kazakhstan. In 2004, the Bank opened a representative office in Moscow, Russia and a card processing centre in Almaty. The Bank anticipates opening up to two more branches and expanding the number of its cash settlement units to strengthen its position in the key economic and business regions of Kazakhstan by the end of 2006. As at 30 June 2006, the Bank had four wholly-owned subsidiaries: JSC OMPA Nur-Trust, LLP Leasing Company Nur-Invest, JSC Money Experts, LLP Grand Lombard; one 81.5 per cent. owned subsidiary JSC Insurance Company Nurpolicy (formerly JSC Insurance Company "Mercur Reward") and JSC APF Atameken (formerly JSC "Narodny Pension Fund"), in which the Bank had a 53.0 per cent. holding.

The common voting and preferred non voting shares of the Bank are currently listed on the "A" list of the Kazakh Stock Exchange ("KASE"). The Bank also has subordinated notes traded on KASE.

The Bank's Business Strategy

Strategy

The Bank's strategy is to focus on increasing its small and medium-sized enterprise ("SME") and retail market shares in strategically important industrial and financial regions of Kazakhstan to provide sustainable conservative growth of the Bank. The Bank also expects to increase its fee and commission income as a result of the targeted expansion of its business in the regions of Kazakhstan where the Bank already has opened or plans to open further branches. The Bank intends to expand its customer base, improve the quality of customer service and launch new products in order to meet the demands of its increasingly sophisticated and demanding corporate and retail clients. In addition, the Bank intends to increase revenue derived from its subsidiaries operating in the asset management, brokerage, pensions and insurance industry sectors.

The strategy of the Bank includes the following principal elements:

- Expansion of banking services in SME and retail client services
- Further development and increase of trade finance operations
- Offering selective product packages to target customer groups
- Diversifying corporate customer base
- Diversifying and strengthening funding base
- Further development of credit card business
- Strengthening risk management
- Enhancing operational efficiency
- Expanding regional presence

Credit Ratings

The Bank is currently rated by two rating agencies: Moody's Investors Services Inc. ("Moody's") and Standard & Poor's Rating Service, a division of McGraw Hill Companies ("Standard & Poor's"). As at the date of this Prospectus the ratings of the Bank are as follows:

Moody's		Standard & Poor's	
Strength	E+		
Long-term	Ba3	Long-term	B
Outlook	Stable	Outlook	Stable

It is expected that, on issue, the Notes will be assigned a credit rating of Ba3 by Moody's and B 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 agency.

The registered office and the headquarters of the Bank are located at 168 B Zheltoksan Street, Almaty 050013, Kazakhstan.

OVERVIEW OF THE OFFERING

The summary below describes the principal terms of the Notes and the Guarantee. See "Terms and Conditions of the Notes" and "Form of Notes and Transfer Restrictions" for a more detailed description of the Notes.

Issuer:	NurFinance B.V.
Guarantor:	JSC Nurbank
Issue:	U.S.$150,000,000 principal amount of 9.375 per cent. Notes due 2011
Issue Price:	98.543 per cent. of the principal amount of the Notes
Maturity Date:	17 October 2011
Guarantee:	JSC Nurbank will, on or prior to the Closing Date, enter into the Guarantee (contained in the Trust Deed) pursuant to which the Bank will unconditionally guarantee the due and punctual payment of all sums payable by the Issuer in respect of the Notes.
Trustee:	The Bank of New York, acting through its London branch
Principal Paying and Transfer Agent:	The Bank of New York, acting through its London branch
Luxembourg Paying and Transfer Agent:	The Bank of New York (Luxembourg) S.A.
Listing Agent:	The Bank of New York Europe Limited
Registrar:	The Bank of New York
Interest and Interest Payment Dates:	The Notes will bear interest at a rate of 9.375 per cent. per annum. Interest on the Notes will accrue from 17 October 2006 and will be payable semi-annually in arrear on 17 April and 17 October of each year, commencing on 17 April 2007.
Yield:	9.750 per cent. per annum
Status:	The Notes constitute direct, general, unconditional and (subject to Condition 5 (*Negative Pledge and Certain Covenants*)) unsecured obligations of the Issuer shall at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law. The obligations of the Bank under the Guarantee constitute direct, general, unconditional and (subject to Condition 5 (*Negative Pledge — Negative Pledge of the Guarantor*)) unsecured obligations of the Bank which rank and will at all times rank at least pari passu in right of payment with all other present and future unsecured obligations of the Bank, save only for such obligations as may be preferred by mandatory provisions of applicable law of general application.
Form:	The Notes will be issued in registered form in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof and will be represented by a Global Note Certificate. The Global Note Certificate will be exchangeable in the limited circumstances specified in the Global Note Certificate for Individual Note Certificates. See "Form of Notes and Transfer Restrictions; Summary of Provisions Relating to the Notes in Global Form".
Early Redemption:	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, together with interest accrued to the date fixed for redemption, in the event of certain changes in taxation in The Netherlands or Kazakhstan. See Condition 9.2 (*Redemption for tax reasons*). Upon the occurrence of a Relevant Event (as defined in Condition 9 (*Redemption and Purchase*)) the Issuer shall, at the option of the Noteholders, redeem the Notes on the Put Settlement Date (as defined in Condition 9 (*Redemption and Purchase*)) at their principal amount together with

	accrued interest, if any. See Condition 9.3 (*Redemption at the option of the Noteholders*).
Negative Pledge:	Each of the Issuer and the Bank agrees that for so long as any Note remains outstanding, it shall not, and shall not permit any of its Subsidiaries to create, incur, assume or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) (both as defined in Condition 5 (*Negative Pledge and Certain Covenants*)) upon the whole or any part of their respective undertakings, assets or revenues, present or future, to secure any Indebtedness for Borrowed Money (as defined in Condition 5 (*Negative Pledge and Certain Covenants*)) of the Issuer or the Bank (as the case may be), any such Subsidiary or any other Person or any Indebtedness Guarantee (as defined in Condition 5 (*Negative Pledge and Certain Covenants*)) in respect of such Indebtedness for Borrowed Money unless, at the same time or prior thereto, the Issuer's obligations under the Notes or the Bank's obligations under the Guarantee and the Trust Deed are secured equally and rateably therewith (to the satisfaction of the Trustee) or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders or as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders.
Certain Covenants:	The Notes and the Trust Deed contain certain covenants, including, without limitation, covenants with respect to limitation on certain transactions, limitation on payment of dividends and maintenance of capital adequacy. See Condition 5 (*Negative Pledge and Certain Covenants*).
Events of Default:	If an Event of Default (as defined in Condition 12 (*Events of Default*)) occurs, the Trustee may, subject as provided in the Trust Deed, give notice to the Issuer that the Notes are and shall become immediately due and repayable at their principal amount together with accrued interest. See Condition 12 (*Events of Default*).
Taxation:	All payments by the Issuer under the Notes will be made without the imposition of any Dutch withholding taxes. See "Taxation — The Netherlands Taxation." Payments of interest from the Bank to the Issuer to fund the Issuer's obligations to make payments under the Notes will be subject to Kazakhstan withholding tax under the Double Tax Treaty with The Netherlands at a rate of 10 per cent. Payments under the Guarantee will be subject to Kazakhstan withholding tax at a rate of 15 to 20 per cent. unless reduced by an applicable double taxation treaty. See "Taxation — Kazakhstan Taxation." In the event that any taxes, duties, assessments or governmental charges are imposed, levied, collected, withheld or assessed by The Netherlands or Kazakhstan or any political subdivision or any authority thereof or therein having the power to tax on payments of principal and interest in respect of the Notes (including payments by the Guarantor under the Guarantee), the Issuer or (as the case may be) the Guarantor will, subject to certain exceptions and limitations, pay such additional amounts to the holder of any Note as will result in receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction on account of any such taxes had been required. See "Terms and Conditions of the Notes — Condition 10 (*Taxation*)".
Use of Proceeds:	The net proceeds of the issue of the Notes, expected to amount to approximately U.S.$146,500,000 after deduction of the combined management and underwriting commission and estimated expenses incurred in connection with the issue of the Notes, will be on-lent by the Issuer to the Bank. The Bank will use the proceeds to fund the planned expansion of its loans to SMEs, including, amongst others, working capital facilities, trade

	finance, project finance, short-term leasing of equipment, and for other general corporate purposes, including liquidity management.
Listing and Admission to Trading:	Application has been made for the Notes to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange. After their issue, the Issuer may also apply for the Notes to be listed on the Kazakhstan Stock Exchange. No assurance can be given that such listing will be obtained.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be sold in other jurisdictions (including the United Kingdom and the Republic of Kazakhstan) only in compliance with applicable laws and regulations. See "Subscription and Sale".
Governing Law:	The Notes and the Trust Deed will be governed by, and construed in accordance with, the laws of England.
Investment Considerations:	For a discussion of certain investment considerations relating to Kazakhstan, the Issuer, the Bank and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see "Risk Factors".
Security Codes:	The identification numbers for the Notes are as follows: ISIN . . . . XS 0269698246 Common Code 026969824

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables contain summary historical financial information derived from the Financial Statements, which have been prepared in accordance with IFRS and are presented in Tenge. Ernst & Young has audited the Audited Financial Statements in accordance with International Standards of Auditing and conducted a review of the Interim Financial Statements in accordance with International Standard on Review Engagement ISRE 2410 ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity''. The Financial Statements appear in the F-pages at the back of this Prospectus.

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in ''Capitalisation'', ''Financial Review and Financial Condition'' and the Bank's Financial Statements and the related notes thereto appearing elsewhere in this Prospectus.

Consolidated Income Statement Data

	Six months ended 30 June			Years ended 31 December		
	2006		2005	2005		2004
	(U.S.$ thousands)[(1)] *(unaudited)*	*(KZT thousands) (unaudited)*	*(KZT thousands) (unaudited)*	*(U.S.$ thousands)*[(2)] *(unaudited)*	*(KZT thousands) (audited)*	*(KZT thousands) (audited)*
Interest income	48,154	6,120,831	5,066,259	78,596	10,443,871	8,829,915
Interest expense	(30,383)	(3,861,976)	(2,544,146)	(47,291)	(6,284,040)	(3,594,265)
Net interest income before impairment	**17,771**	**2,258,855**	**2,522,113**	**31,305**	**4,159,831**	**5,235,650**
(Impairment)/reversal of impairment of interest earning assets	(2,666)	(338,925)	(236,695)	5,903	784,352	(1,797,897)
Net interest income	**15,105**	**1,919,930**	**2,285,418**	**37,208**	**4,944,183**	**3,437,753**
Fees and commissions, net	6,105	776,055	523,771	8,776	1,166,135	1,164,521
Non interest income	4,526	575,353	96,040	3,148	418,337	532,923
Non interest expense	(18,125)	(2,303,931)	(1,957,812)	(32,752)	(4,352,103)	(2,941,880)
Income before income tax expense	**7,611**	**967,407**	**947,417**	**16,380**	**2,176,552**	**2,193,317**
Income tax expense	(1,196)	(152,026)	(99,237)	(1,260)	(167,453)	(285,788)
Net income after income tax	**6,415**	**815,381**	**848,180**	**15,120**	**2,009,099**	**1,907,529**

(1) Translated at the official average U.S. dollar exchange rate for the six months ended 30 June 2006, as reported by the NBK, of U.S.$1.00 = KZT 127.11

(2) Translated at the official average U.S. dollar exchange rate for the year ended 31 December 2005, as reported by the NBK, of U.S.$1.00 = KZT 132.88

Consolidated Balance Sheet Data

	As at 30 June		As at 31 December		
	2006		2005		2004
	(U.S.$ thousands)(1) (unaudited)	(KZT thousands) (unaudited)	(U.S.$ thousands)(2) (unaudited)	(KZT thousands) (audited)	(KZT thousands) (audited)
Assets					
Cash and cash equivalents	164,422	19,515,291	172,117	23,060,242	10,674,410
Obligatory Reserves	9,303	1,104,163	10,037	1,344,789	1,438,489
Financial assets at fair value through profit or loss	104,677	12,424,058	74,054	9,921,757	589,991
Amounts due from credit institutions	12,956	1,537,743	29,025	3,888,750	673,008
Available-for-sale securities	66,000	7,833,577	39,382	5,276,421	5,951,583
Loans to customers(3)	795,902	94,465,632	548,529	73,491,978	67,485,041
Investments in associates	—	—	981	131,478	108,850
Property and equipment(4)	25,823	3,064,977	22,803	3,055,164	1,757,094
Intangible assets	2,336	277,290	1,714	229,607	179,912
Reserves for insurance claims, reinsurance share	137	16,275	191	25,538	7,874
Other assets	11,662	1,384,219	7,887	1,056,663	523,954
Total assets	**1,193,218**	**141,623,225**	**906,720**	**121,482,387**	**89,390,206**
Liabilities					
Amounts due to the Government	457	54,248	605	81,119	168,020
Amounts due to the credit institutions	322,855	38,319,640	172,848	23,158,196	20,873,492
Amounts due to customers	398,059	47,245,576	347,009	46,492,311	48,795,376
Debt securities issued	298,700	35,452,720	269,849	36,154,346	8,286,137
Reserves for insurance claims	1,684	199,842	1,465	196,269	199,486
Provisions	718	85,246	626	83,842	75,683
Net deferred tax liabilities	2,332	276,812	1,669	223,569	28,420
Other liabilities	11,347	1,346,826	7,861	1,053,162	403,227
Total liabilities	**1,036,152**	**122,980,910**	**801,932**	**107,442,814**	**78,829,841**
Shareholders' equity					
Share capital					
— common shares	72,835	8,644,800	38,214	5,120,000	4,000,000
— preferred shares	11,418	1,355,200	7,464	1,000,000	1,000,000
Additional paid-in capital	254	30,205	1	100	100
Treasury shares	(75)	(8,900)	—	—	—
Securities revaluation reserve	(2,404)	(285,295)	(1,247)	(167,058)	(122,439)
Property and equipment revaluation reserve	4,145	491,932	3,692	494,728	—
Retained earnings	67,785	8,045,343	55,157	7,389,928	5,536,511
Total equity attributable to shareholders of the Bank	**153,958**	**18,273,285**	**103,281**	**13,837,698**	**10,414,172**
Minority interest	**3,108**	**369,030**	**1,507**	**201,875**	**146,193**
Total shareholders' equity	**157,066**	**18,642,315**	**104,788**	**14,039,573**	**10,560,365**
Total liabilities and shareholder's equity	**1,193,218**	**141,623,225**	**906,720**	**121,482,387**	**89,390,206**

(1) Translated at the official U.S. dollar exchange rate on the KASE as at 30 June 2006 of U.S.$1.00 = KZT 118.69.

(2) Translated at the official U.S. dollar exchange rate on the KASE as at 31 December 2005 of U.S.$1.00 = KZT 133.98.

(3) Net of allowance for loan impairment.

(4) Net of accumulated depreciation.

Selected Financial Ratios	As at 30 June 2006	As at 31 December 2005	As at 31 December 2004
	(per cent.)	*(per cent.)*	*(per cent.)*
Profitability Ratios			
Return on shareholders' equity	8.7[7]	14.3	18.1
Return on average shareholders' equity	10.2[7]	16.3	21.7
Return on average assets	1.2[7]	1.9	2.6
Net interest margin[1]	4.2[7]	4.6	7.9
Non-interest expense (excluding impairment charge and income tax)/net interest income before impairment charge plus non-interest income[2]	81.3	95.1	51.0
Non-interest expense as a percentage of average total assets[2]	3.5[7]	4.1	4.0
Loan Portfolio Quality			
Non-performing loans/gross loans[3]	1.8	2.4	3.6
Allowance for loan losses/gross loans	3.2	3.7	4.9
Allowance for loan losses/non-performing loans[3]	183.1	152.2	137.5
Balance Sheet Ratios			
Customer deposits as a percentage of total assets	33.4	38.3	54.6
Total net loans as a percentage of total assets	66.7	60.5	75.5
Total shareholders' equity as a percentage of total assets	13.2	11.6	11.8
Liquid assets as a percentage of total assets[4]	29.9	35.8	21.5
Capital Adequacy Ratios[5]			
Tier I Capital	14.5	12.2	12.0
Tier II Capital	5.6	7.0	5.3
Risk weighted capital adequacy ratio	20.1	19.2	17.3
Economic Data[6]			
Period end exchange rate (KZT/U.S.$)	118.69	133.98	130.00
Average exchange rate for period (KZT/U.S.$)	127.11	132.88	136.04
Inflation rate, consumer price index ("CPI")	8.9	7.6	6.7
Growth for the gross national product, real ("GDP")	9.3	9.4	9.4

(1) Net interest income before impairment charge as a percentage of average interest-earning assets.

(2) Non-interest expense comprise salaries and other employees' benefits, depreciation and amortisation, taxes other than income tax, administrative and operating expenses, provisions.

(3) Non-performing loans comprise "doubtful" and "loss" loans as defined under the FMSA regulations.

(4) Liquid assets comprise cash and cash equivalents, obligatory reserves with the NBK, financial assets at fair value through profit or loss, amounts due from credit institutions and available-for-sale securities.

(5) Calculated in accordance with the Capital Accord of the Basel Committee on Banking Supervision.

(6) Data published by the NBK and NSA.

(7) Annualised.

RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Notes should carefully consider, along with the other matters referred to in this Prospectus, the following investment considerations associated with investment in Kazakhstan entities generally and in the Bank and the Notes specifically. The risks and uncertainties below are not the only ones the Bank faces. Additional risks and uncertainties not presently known to the Bank, or that it currently believes are immaterial, could also impair the Bank's business operations and, as a result, its ability to service its payment obligations under the Notes. Prospective investors should pay particular attention to the fact that the Bank is governed by a legal and regulatory environment in Kazakhstan which in some respects may differ from that prevailing in other countries.

Risk Factors relating to the Bank

Controlling Shareholder

Based on information available to the Bank, as at the date of this Prospectus, Mr. Rahat Aliyev (the son in law of the President of Kazakhstan) through his business interests, beneficially owns more than 50 per cent. of the Bank's common voting shares and more than 40 per cent. of the Bank's total share capital (which includes non-voting preferred shares). He generally supports the strategy set forth by the management of the Bank and does not have any formal or informal agreements with any other shareholders. Mr. Aliyev's interests are represented on the Board of Directors of the Bank through his representative Mr. Talgat Dzhumadillayev, Chairman of the Board, and Executive Director of JSC KazMunaiGas.

The controlling shareholder has the ability to influence significantly the Bank's business through his ability to control all actions that require shareholder approval, including any increase of share capital and appointment of members of the Board of Directors; however, the controlling shareholder is not entitled to interfere in the day-to-day management of the Bank.

Mr. Rashid Sarsenov indirectly controls more than 25 per cent. of the common voting shares of the Bank and 20 per cent. of the Bank's total share capital (which includes non-voting preferred shares). Management understands that he supports the Bank's strategy and does not have any formal or informal agreements with any other shareholders. Mr. Sarsenov is represented on the Board of Directors of the Bank by Mr. Sagyn Krymkulov, General Director of JSC MangistauMunaiGaz. Being a major shareholder of the Bank controlling indirectly more than 10 per cent. of the common shares of the Bank, Mr. Sarsenov has a right to convene an extraordinary meeting of shareholders, to propose additional items to the agenda of a general shareholders' meeting; to convene a meeting of the Board of Directors; or to call for an independent audit at his own expense.

If circumstances were to arise where Mr. Aliyev's or Mr. Sarsenov's interests conflicted with the interests of Noteholders, Noteholders could be disadvantaged, as either of them could take actions contrary to the Noteholders' interests. For example, Mr. Aliyev, in particular, has the ability to exercise significant control over the Bank's pursuit of acquisitions, divestitures, financings or other transactions that could enhance the value of his equity investment without necessarily benefiting the interests of Noteholders. For a description of the ownership structure of the Bank, see "Principal Shareholders".

In addition, no assurance can be given that, if the Bank requires a capital increase, Mr. Aliyev or Mr. Sarsenov will procure the subscription for any new shares or otherwise provide financing to the Bank. Furthermore, no assurance can be given that Mr. Aliyev will not sell all or any part of his shareholding at any time or that he will not look for alternative sources of funding for the Bank, be that by way of a public offering of the shares of the Bank, by sale to a strategic investor or otherwise.

The Bank's modest growth subjects it to risks from its competitors

Between 2002 and 2004, the Bank experienced faster growth of its loan portfolio than a number of other second tier Kazakh banks, with the Bank's gross loan portfolio increasing by 83.6 per cent. in 2004. However, this growth led to liquidity problems and the management of the Bank was determined to curtail the growth of the Bank's loan portfolio and concentrate on enhancing liquidity. As a result, at the beginning of 2005, the Bank's policy shifted to a more conservative policy, concentrating on the quality of its loan portfolio rather than increasing the volume of loans extended. This decision came at a time when the continued boom in the Kazakh economy led to a large increase in the demand for consumer and corporate lending. Other banks in Kazakhstan aggressively took advantage of this increased demand, while the Bank maintained its conservative policy on lending. Consequently, the Bank experienced only modest growth in its gross loan portfolio in 2005 (7.5 per cent.), whereas a number of its competitors realised growth rates of up to 100 per cent. over the same period. During 2005 and the first six months of 2006, the Bank placed several issues of securities all of which were listed on the KASE and received two syndicated loans as well as its debut Eurobond in April 2005. As a result, the Bank managed to significantly improve its liquidity as such funds were not immediately passed through to its loan book.

Following the increase in its liquidity in 2006 the Bank began to expand its loan portfolio on a more aggressive basis, while continuing to carefully monitor the quality of its loan portfolio. During the first six months of 2006, gross loans to customers increased by 27.9 per cent. mainly due to the greater use of credit lines opened to existing customers in the second half of 2005 and loans issued to businesses involved in the sale of oil products and the construction industry. While the Bank has started to reclaim the market share lost in 2005, it is possible that the Bank may find it difficult to regain its former market share by maintaining existing or attracting new customers. The Bank is targeting SMEs by providing quality services with the intention of increasing the proportion of loans to SMEs in its loan portfolio. The Bank is trying to target groups that it perceives are as yet untapped by other banks, such as individual traders and entrepreneurs. However no assurance can be given that the Bank will be able to increase its share of the loan market in line with its expectations or attract borrowers from such sectors. In addition, given the relatively untapped nature of these classes of borrowers, the quality of the Bank's loan portfolio may deteriorate or it may have to provide increased provisions to cover such loans until a credit history for such borrowers develops. If the Bank fails to attract targeted borrowers or if the Bank's competitors manage to maintain or extend their lead in the corporate and retail loan market, it is possible that the Bank will struggle to compete, and as a result its business, financial condition, results of operations and prospects may be adversely affected.

Concentration in the Bank's loan portfolio subjects it to risks from default by its largest borrowers

As at 30 June 2006, the Bank's 20 largest borrowers comprised 41.7 per cent. of its gross loan portfolio, compared to 43.2 per cent. as at 31 December 2005, and 36.5 per cent. as at 31 December 2004. While this, in part, reflects the limited number of stronger corporate credits in Kazakhstan, the Bank will continue to place emphasis on credit quality and the development of financial and management control to monitor this credit exposure. The failure to do so could have a material adverse effect on the Bank's results of operations and financial condition. In addition to the concentration of the Bank's loan portfolio, as at 30 June 2006, the ten largest guarantees issued by the Bank represented approximately 83.2 per cent. of the total financial guarantees issued by the Bank and 28.6 per cent. of total shareholders' equity. Similarly, the ten largest letters of credit represented 55.3 per cent. of the Bank's total commercial letters of credit and 49.0 per cent. of total shareholders' equity as at 30 June 2006. As at 31 December 2005, the ten largest letters of credit represented 95.2 per cent. of the Bank's total commercial letters of credit and 68.8 per cent. of total shareholders' equity. As at 31 December 2004, the ten largest letters of credit represented 88.3 per cent. of the Bank's total commercial letters of credit and 61.2 per cent. of total shareholders' equity.

Risk Management

The Bank is also exposed to a number of market risks. Currently, the Bank has a fully centralised database allowing it to automatically measure and monitor its exposure to liquidity, interest rate, foreign exchange and other market risks. The Bank upgraded its database and information technology systems in June 2005 to allow it to better monitor and manage risks. The cost of this upgrade was approximately U.S.$1 million including installation expenses. Although the Bank believes that it has policies and procedures in place to measure, monitor and manage liquidity and market risks, maturity mismatches or any significant volatility in interest rate movements, exchange rates or commodity market prices could have a material adverse affect on the Bank's business, financial condition, results of operations, foreign currency positions and overall prospects of the Bank. In addition, there can be no assurance that the improved information technology system will operate as effectively as planned thereby reducing the expected improvements to the risk management process. Failure to measure, monitor or manage any of the above mentioned risks as well as any inaccuracy in data processing by the new system may have an adverse effect on the Bank's activities, business, financial condition and results of operations.

In addition, prior to the upgrade of its databases and information technology systems, the Bank was unable to provide average balance and statistical data on any basis other than a simple average (i.e., in the case of balance sheet data, taking the opening and closing balances for the relevant period). Since 2005, the Bank has been able to produce such data on an average daily basis, which has led to an improvement in the quality of information available to management. However, because such information was not available prior to 2005, comparable average balance and statistical data included in this Prospectus for 2004 has been prepared on a basis inconsistent with information prepared for subsequent periods, and as such, it is likely that if the information were prepared on a consistent basis, data for prior years would change making it difficult to effectively compare data for prior years with data from 2005 onwards.

Liquidity and Interest Rate Risk

The Bank suffered historically from a negative liquidity gap following the rapid growth of its loan portfolio between 2002 and 2004. By adopting a conservative policy in 2005, the Bank has now achieved a positive liquidity profile in its asset and liability structure across all maturities. As a result of such policy, the Bank's current asset structure includes a significant portion of assets which earn much lower rates of interest than its loan portfolio. In addition, the increase in the Bank's liabilities funded via syndicated loans and capital markets transactions caused a dramatic fall in its interest margins in 2005. See ''Financial Review and Financial Condition — Interest Margin''. If this position continues, the Bank's profitability may continue to suffer which is likely to have an adverse effect on the Bank's business, financial condition and results of operations.

Conversely, if the Bank manages to aggressively re-enter the lending market and expand its loan portfolio as planned, it is likely (in common with other banks in Kazakhstan) to become subject to enhanced liquidity risks due to the mismatch of maturities and tenors of lending products and funding resources. The Bank intends to monitor and maintain an appropriate balance between risks taken and growth in interest-earning assets.

The Bank is exposed to risk resulting from mismatches between the interest rates on its interest bearing liabilities and its interest-earning assets. Although the Bank believes that it has policies and procedures in place to measure and monitor liquidity, market risk and maturity mismatches, volatility in interest rate movements may have a material adverse effect on the business, financial condition, results of operations and prospects of the Bank.

Foreign Currency Risk

The Bank is also exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank sets limits on the level of exposure to currencies (primarily USD and EUR) and enters into forward and swap transactions to hedge its foreign currency risk. As the Bank's principal cash flows (revenues, operating expenses) are largely generated in KZT, any future movements in the exchange rate between KZT and USD may adversely affect the carrying value of the Bank's USD denominated monetary assets and liabilities.

Lack of Information and Risk Assessments

Kazakhstan's systems for gathering and publishing statistical information relating to its economy generally, specific economic sectors within it or corporate or financial information relating to companies and other economic enterprises are not as comprehensive as these 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. Although the Bank ordinarily makes an estimation of the net realisable value of collateral on the basis of which it determines applicable impairment assessment and collateralisation requirements, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Bank's assessments of credit risk, thereby increasing the risk of under provisioning and decreasing the likelihood that the Bank would be able to enforce any security in respect of the corresponding loan or that the relevant collateral will have a value commensurate to the loan secured on it.

Industry Concentration

The retail sector accounted for 17.6 per cent. of the gross loan portfolio as at 30 June 2006 compared to 19.9 per cent. as at 31 December 2005. As at 30 June 2006, the construction, food industry, agricultural, communication, and real estate sectors accounted for 15.2 per cent., 10.7 per cent., 6.6 per cent., 5.0 per cent., and 2.7 per cent. of the Bank's gross loan portfolio, respectively. As at 31 December 2005, the construction, food industry, agricultural, communication, and real estate sectors accounted for 15.8 per cent., 13.6 per cent., 7.9 per cent., 5.9 per cent., and 3.1 per cent., respectively, of the Bank's gross loan portfolio. The slight decrease in lending to the agricultural and food industries and increase in lending to businesses involved in the sale of oil products is primarily influenced by the quality of the collateral provided by the borrowers. According to the Bank's lending policy, exposure to a certain industry cannot exceed 30 per cent. of the total loan portfolio. The Credit Risks Department monitors the exposure limits set for each industry on a monthly basis in order to maintain the level of exposure specified by the Credit Policy of the Bank. As at the date of this Prospectus, none of the industry exposures had exceeded established limits. The Bank will require continued emphasis on credit quality and the further development of financial and management controls to monitor this credit exposure. Failure to achieve this could have a material adverse effect on the Bank's financial condition and results of operations.

Deposit Concentration

As at 30 June 2006, the Bank's 10 largest corporate depositors (including SMEs) accounted for approximately 27.1 per cent. of total amounts owed to customers as compared to 39.7 per cent. as at 31 December 2005. The decrease was mainly due to the withdrawal of a single deposit, which was deposited in 2005 by a customer for a one-year period. The Bank intends to reduce the concentration in its deposit base by further attracting SMEs and retail depositors. Failure to reduce such concentration could, however, expose the Bank to increased liquidity risk and have a material adverse effect on the Bank's result of operations and financial condition.

Capitalisation

Unlike some of the other banks in Kazakhstan, the Bank has a relatively high level of capitalisation, with capital adequacy ratios calculated in accordance with the Basel Accord of 17.3 per cent., 19.2 per cent. and 20.1 per cent. as at 31 December 2004 and 2005 and 30 June 2006, respectively. The Bank has achieved such high capitalisation due to the attraction of syndicated loans in 2005, a policy of capitalising profits, revaluing property, shareholder injections, and its conservative lending policy which has meant that it has retained funds either through its securities portfolio or by being a net lender on the inter-bank market. If the Bank were to continue to maintain its capital ratios at such levels with an asset and liability structure similar to its current structure, it is possible that the Bank would see a significant fall in profitability as its interest margins have fallen dramatically in 2005 and will continue to do so if average interest rates on interest earning assets continue to fall and the Bank maintains a relatively high level of low interest earning assets in its asset structure.

If the Bank does increase its lending activities in accordance with its stated goal, it will, in the medium term, require further capitalisation to be able to increase its risk weighted assets and 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 while complying with applicable regulatory guidelines and covenants imposing certain minimum capital adequacy requirements on the Bank, which could, in turn, have a material adverse effect on the Bank's results of operations and financial condition.

Competition

The Bank, in common with other banks in Kazakhstan, is subject to competition from both domestic and foreign banks. As at 30 June 2006, there were a total of 34 banks, excluding the NBK and the Development Bank of Kazakhstan (''the DBK''), licensed to operate in Kazakhstan, of which 14 were banks with foreign ownership, including subsidiaries of foreign banks. The banking system in Kazakhstan is dominated by the three largest domestic banks, JSC Kazkommertsbank, JSC Halyk Bank and JSC Bank TuranAlem, and given the Bank's position according to information filed with the FMSA as the eighth largest bank in Kazakhstan in terms of total assets, it faces significant competition from these and other banks. According to the FMSA, as at 30 June 2006, the Bank held approximately 2.5 per cent. market share of the total bank loan portfolio and approximately 2.6 per cent. market share of total bank assets in Kazakhstan. In addition, the Bank is experiencing increased competition from JSC Bank CenterCredit, JSC Alliance Bank and JSC ATF Bank in the SME and retail banking sectors.

Dependence on the Ability to Recruit and Retain Key Personnel

To meet business challenges and retain the effectiveness of its operations, the Bank must continue to recruit and retain appropriately skilled personnel. The Bank relies on its senior management for the implementation of its strategy and operation of its day-to-day activities. As competition for skilled personnel, especially on the senior management level, is intense, the Bank seeks to further refine its compensation schemes and to take other measures to attract and motivate skilled 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 and results of operations could be adversely affected.

Regulation of the Banking Industry

Recent changes to the 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.

Effective as at 14 July 2006, the NBK has implemented new measures to raise reserve requirements for Kazakhstan banks in an effort to limit foreign currency debt issuances because of concerns about currency mismatches among second tier banks who have significant liabilities in dollars although they lend predominantly in Tenge. The new rules increased reserve requirements for borrowings from non-residents and borrowings through the issuance of notes and subordinated debt instruments (irrespective of residence) to 8 per cent. from 6 per cent., although the rate applied for borrowings from residents will remain at 6 per cent. In common with the other major banks in the country, a significant portion of the Bank's funding is in U.S. dollars from syndicated loans and capital markets transactions, and so the new minimum reserve requirements may have an impact on the Bank's profitability once the Bank increases its reserve amounts with the NBK to cover its foreign funding operations.

In addition, effective as at 30 June 2006, the FMSA implemented new measures to restrict banks in Kazakhstan from having outstanding external short-term financings which exceed their own capital by a ratio of greater than 1. Any banks not meeting the requirement as at 1 July 2006 will have until 1 October 2006 to comply. These rules may limit the Bank's ability to extend certain short-term facilities, and hence the Bank may have to look to longer term financings or customer deposits to replace such 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 and interest rate risk or both. As at the date of this Prospectus, the Bank is in compliance with the NBK and FMSA requirements set forth above.

To address concerns about currency mismatches and more precisely manage banks' liquidity, the FMSA has also tightened requirements relating to open/net currency positions and introduced various limits on currency liquidity.

Reform of the International Capital Adequacy Framework

In 2001, the Basel Committee issued a proposal for a new capital adequacy framework to replace the current 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 also apply, either directly or indirectly and to varying degrees, to the risk weighting of exposures to banks, securities firms and corporations. If adopted, the new framework could require financial institutions lending to Kazakh banks to be subject to higher capital requirements as a result of the credit risk rating of Kazakhstan, possibly resulting in a higher cost of borrowing for Kazakh banks, including the Bank.

Financial Ratios

Under certain financing agreements, the Bank is obliged to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy and lending exposures. A failure by the Bank to meet its financial ratio covenants could result in a default under the Bank's financing agreements, which could, in turn, have a material adverse effect on the Bank's business, financial condition or results of operations or that could adversely affect the market price and liquidity of the Notes. The Bank measures its compliance with its debt covenant ratios on a quarterly basis after the Bank's quarterly consolidated financial statements are prepared. As at 30 June 2006, the Bank was in compliance with all financial ratios and other covenants imposed on it under any financing agreement under which it is a borrower or guarantor, and the Bank is not in breach of any debt covenants to which it is subject as at the date of this Prospectus.

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 Notes.

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, as well as its financial position and results of operations, are substantially dependent on the economic and political conditions prevailing in Kazakhstan.

Risks Relating to Political and Regional Considerations

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 economy. The transition was marked in the earlier years by political uncertainty and tension, a recessionary economy 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. Privatisation has been substantially completed. As with any transition economy, however, there can be no assurance that such reforms and other reforms described elsewhere in this Prospectus will continue or that such reforms will achieve all or any of their intended aims.

Kazakhstan depends on neighbouring states to access world markets for a number of its major exports, including oil, steel, copper, ferro-alloys, iron ore, aluminium, 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 February 2003 with Russia, Belarus and Ukraine stipulating the intention to create 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 co-ordinate their fiscal, credit and currency policies. Government policy supports further economic integration within the CIS, one of the aims of which is to assure continued access to export routes. However, should access to these routes be materially impaired, this could adversely impact the economy of Kazakhstan.

Like other countries in Central Asia, Kazakhstan could be affected by continuing 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 military or other action taken against sponsors of terrorism in the region. In particular, countries in the Central Asia, such as Kazakhstan, whose economies and state budgets 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 any resulting 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.

Since 2004 there have been developments in Kyrgyzstan, Georgia and Ukraine, with respect to public unrest and changes in their respective governments. While the outcome of such developments is currently seen as positive, the situation remains uncertain and the future of those countries in particular and the region in general could continue to see major developments.

Macroeconomic Considerations and Exchange Rate Policies

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's economy 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. 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 of Kazakhstan began implementing market-based economic reforms in 1992, including the implementation of a significant privatisation programme, the promotion of high levels of foreign direct investment, particularly in the oil and gas sectors, and the introduction of an extensive legal framework. Despite uneven progress in this regard, Kazakhstan has experienced extensive economic transformation over the last twelve 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. According to figures compiled by NSA, while gross domestic product ("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, 9.4 per cent. in 2004 and by 9.4 per cent. in 2005. According to the NBK, during the first six months of 2006, the GDP increased by 9.3 per cent. compared to the same period in 2005. However, there can be no assurance that GDP will continue to grow and any fall in GDP in subsequent years could adversely affect Kazakhstan's development.

The Tenge is convertible for current account transactions, although it is not a fully convertible currency outside Kazakhstan. Between 1991, when Kazakhstan began its transition to a market-based economy, and April 1999, the NBK maintained a managed exchange rate policy which, although permitting the general trend in the exchange rate to reflect market conditions, involved official intervention aimed at limiting fluctuations.

Depressed export markets in 1998 and early 1999, however, caused considerable pressure on Kazakhstan's managed exchange rate and resulting official intervention in the foreign exchange markets led to losses on foreign currency reserves. In response to these pressures, the authorities instituted a number of expenditure cuts and took revenue increasing measures and, in April 1999, the NBK floated the Tenge. The Tenge fell by 64.6 per cent. against the U.S. dollar in the year ended 31 December 1999, compared to a depreciation of 10.7 per cent. in the year ended 31 December 1998. Following the adoption of a floating exchange rate policy in 1999, the Tenge has been generally stable against the U.S. dollar during 2001 and 2002, with an annual depreciation of between 3.8 per cent. and 3.3 per cent., respectively. In 2003 and 2004, the Tenge strengthened against the U.S. dollar and appreciated by 7.3 per cent. and 9.9 per cent., respectively. According to the NBK, during the first six months of 2006, the Tenge appreciated by 11.3 per cent. against the U.S. dollar.

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.

Implementation of further market-based economic reforms

The need for substantial investment in many enterprises has driven the Government of Kazakhstan'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 large oil and gas producers and mining companies. However, there remains a need for substantial investment in many sectors of the Kazakhstan 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 informal sector adversely affect the implementation of reforms and hamper the efficient collection of taxes. The Government of Kazakhstan 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 less developed than in many Western countries

Although a large volume of legislation has come into force since early 1995, including a revised tax code, laws relating to foreign investment, 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 is at an early stage of development compared to countries with established market economies. The judicial system in Kazakhstan may not be fully independent of outside social, economic and political forces and court decisions can be difficult to predict.

In addition, judicial and Government officials may not be fully independent of outside social, economic and political forces and there have been instances of improper payments being made. Court decisions can be difficult to predict and administrative decisions have on occasion been inconsistent. As a result of these ambiguities, as well as a lack of an established system of precedent or consistency 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. Further, 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, making it difficult for companies to ascertain whether they are liable for additional taxes, penalties and interest.

The Government of Kazakhstan has publicly stated that it believes in continued reform of the corporate governance processes and will ensure discipline and transparency in the corporate sector to promote growth and stability. However, the Government of Kazakhstan 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.

Securities markets are less developed than in many Western countries

An organised securities market was established in Kazakhstan in the mid-to-late 1990 and procedures for settlement, clearing and registration of securities transactions may therefore 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 are available to investors in entities organised in the United States or Western European countries.

Risk Factors Relating To the Notes

The Notes are not a suitable investment for all investors: Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In Particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Enforceability of judgments

Kazakhstan's courts will not enforce any judgment 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. Each of Kazakhstan and the United Kingdom are parties to the 1958 New York convention on Recognition and Enforcement of Arbitral Awards (the ''Convention'') and, accordingly, an arbitration award should be recognised and enforceable in Kazakhstan provided the conditions of enforcement set out in the Convention are met. See ''Enforceability of Judgments''.

Credit Rating

Outstanding Eurobonds of the Republic of Kazakhstan are rated ''BBB-/A-3'' 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's current long-term rating as of 30 June 2006 is ''Ba3'' by Moody's, and ''B'' by Standard & Poor's. Any adverse change in the credit rating of either the Bank or the Republic of Kazakhstan could negatively affect the trading price of the Notes.

Absence of Trading Market for the Notes

Prior to the offering of the Notes, there has been no existing market for the Notes. Accordingly, there can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell their Notes or the price at which such holders would be able to sell Notes. Application has been made to the Luxembourg Stock Exchange for the Notes to be listed and admitted to trading on the Luxembourg Stock

Exchange. There can be no assurance that such listing will be obtained or, if such listing is obtained, that an active trading market will develop or be sustained. In addition, the liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors.

Emerging Market Risk

The markets for securities bearing emerging market risks, such as risks relating to Kazakhstan, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including Kazakhstan. Accordingly the Notes may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Bank.

Financial instability in Kazakhstan and other emerging market countries following the 1997 Asian and the 1998 Russian crises adversely affected market prices in the world's securities markets for the debt and equity securities of companies that operate in those countries. Financial stability in emerging market countries other than Kazakhstan could adversely affect the market price of the Notes, even if the economy in Kazakhstan remains relatively stable. Accordingly, the Notes may be subject to fluctuations which may not necessarily be related to the financial performance of the Bank or economic conditions in Kazakhstan.

Risk Factors Relating To the Issuer

Limited Resources of the Issuer

The Issuer is a limited liability company incorporated in The Netherlands on 31 July 2006. The Issuer has no employees and its business consists primarily of raising funds in the international capital markets and lending such funds to the Bank or its subsidiaries. The assets of the Issuer may not be sufficient to meet all claims under the Notes. See ''Description of the Issuer''.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, subject to amendment and completion and except for the text in italics, will be endorsed on each Note in definitive form (if issued):

The U.S.$150,000,000 9.375 per cent. Notes due 2011 (the ''Notes'', which expression includes any further notes issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) of NurFinance B.V. (the ''Issuer'') are (a) guaranteed by Joint Stock Company Nurbank (the ''Guarantor'') pursuant to a trust deed dated 17 October 2006 (as amended or supplemented from time to time, the ''Trust Deed'') between the Issuer, the Guarantor and The Bank of New York, acting through its London Branch (the ''Trustee'', which expression includes all persons for the time being appointed as trustee under the Trust Deed) as trustee for the holders of the Notes (the ''Noteholders''), (b) constituted by, subject to, and have the benefit of the Trust Deed and (c) the subject of a paying agency agreement dated 17 October 2006 (as amended or supplemented from time to time, the ''Paying Agency Agreement'') between the Issuer, the Guarantor, The Bank of New York, as registrar (the ''Registrar'', which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York, acting through its London Branch, as principal paying and transfer agent (the ''Principal Paying and Transfer Agent'', which expression includes any successor principal paying and transfer agent appointed from time to time in connection with the Notes), The Bank of New York (Luxembourg) S.A., as Luxembourg paying and transfer agent (the ''Luxembourg Paying and Transfer Agent'', which expression includes any successor Luxembourg Paying and Transfer Agent) and other paying and transfer agents named therein (together with the Principal Paying and Transfer Agent, the ''Paying and Transfer Agents'', which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the ''Agents'' are to the Registrar, the Principal Paying and Transfer Agent, the Luxembourg Paying and Transfer Agents and the Paying and Transfer Agents, and any reference to an ''Agent'' is to any one of them.

Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Paying Agency Agreement) of each of the Paying and Transfer Agents, the initial Specified Offices of which are set out below. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, England.

1. Form, Denomination and Title

1.1 *Form and Denomination*

The Notes are in registered form, without interest coupons attached, in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof (each denomination an ''authorised denomination''). The Global Note will be exchangeable for notes in definitive, fully registered, form (''Definitive Notes''), without interest coupons, in the circumstances specified in the Global Note.

1.2 *Title*

Title to the Notes will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfer*). The holder (as defined below) of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

In these Conditions, ''holder'' means the person in whose name a Note is registered in the Register (as defined below) (or, in the case of joint holders, the first named thereof) and ''holders'' and ''Noteholders'' shall be construed accordingly.

1.3 *Third party rights*

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. Registration

The Registrar will maintain a register (the "Register") at the specified office of the Registrar in respect of the Notes in accordance with the provisions of the Paying Agency Agreement. A certificate (each, a "Note Certificate") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

3. Transfers

3.1 A Note may be transferred in whole or in part upon surrender of the relevant Note Certificate, with the endorsed form of transfer (the "Transfer Form") duly completed, at the Specified Office of the Registrar or the Paying and Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Paying and Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Transfer Forms are available from any Paying and Transfer Agent, the Registrar and the Issuer upon the request of any holder. In the case of a transfer of only a portion of the Notes represented by a Note Certificate, neither the portion transferred nor the balance thereof not transferred may be less than the applicable authorised denomination, and a new Note Certificate in respect of such balance not so transferred will be issued to the transferor. Transfers will be done through the office of any Paying and Transfer Agent upon presentation and surrender of the Note.

3.2 Within five business days of the surrender of a Note Certificate in accordance with Condition 3.1, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant holder at its Specified Office or (as the case may be) the Specified Office of any Paying and Transfer Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 3.2, "business day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchanges markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in both New York and the city where the Registrar or (as the case may be) the relevant Paying and Transfer Agent has its Specified Office.

3.3 The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Paying and Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Paying and Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

4. Guarantee and Status

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums from time to time payable by the Issuer in respect of the Notes and the Trust Deed. The obligations of the Guarantor in that respect are contained in the Trust Deed.

The Notes are direct, general, unconditional and (subject to Condition 5 (*Negative Pledge and Certain Covenants*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee will at all times rank at least *pari passu* in right of payment with all their respective other present and future unsecured and unsubordinated obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Negative Pledge and Certain Covenants

5.1 *Negative Pledge of the Issuer*

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not create, incur, assume or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertakings, assets or revenues, present or future, to secure any Indebtedness for Borrowed Money of the Issuer or any other Person or any Indebtedness Guarantee in respect of any Indebtedness for Borrowed Money of any Person unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Trust Deed are secured equally and rateably therewith (to the satisfaction of the Trustee) or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders or as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders.

5.2 *Negative Pledge of the Guarantor*

So long as any Note remains outstanding, the Guarantor shall not, and shall not permit any of its Subsidiaries to, create, incur, assume or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of their respective undertakings, assets or revenues, present or future, to secure any Indebtedness for Borrowed Money of the Guarantor, any such Subsidiary or any other Person or any Indebtedness Guarantee in respect of any Indebtedness for Borrowed Money of any Person, unless, at the same time or prior thereto, the Guarantor's obligations under the Guarantee are secured equally and rateably therewith (to the satisfaction of the Trustee) or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders or as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders.

5.3 *Limitations on Certain Transactions*

So long as any Note is and remains outstanding, the Guarantor will not, after the Issue Date, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) involving aggregate consideration equal to or greater than U.S.$5,000,000 unless such transaction or series of transactions is or are at Fair Market Value.

5.4 *Limitation on Payment of Dividends*

So long as any Note remains outstanding, the Guarantor will not pay any dividends, in cash or otherwise, or make any other distributions (whether by way of redemption, acquisition or otherwise) in respect of its share capital (i) at any time when there exists an Event of Default (as defined in Condition 12 (*Events of Default*)) or an event which, with the passage of time or the giving of notice, or both, would constitute an Event of Default or (ii) at any time when no such Event of Default or event exists, (1) more frequently than once during any calendar year or (2) in an aggregate amount exceeding 50 per cent. of the Guarantor's net income for the period in respect of which the dividends are being paid or the distribution is being made, calculated in accordance with International Financial Reporting Standards (''IFRS'') (formerly referred to as the International Accounting Standards), for which purpose, the amount of the Guarantor's net income shall be determined by reference to its audited financial statements of the period in respect of which the dividend is being paid. The foregoing limitation shall not apply to the payment of any dividends in respect of any preferred shares of the Guarantor which may be issued by the Guarantor from time to time.

5.5 *Maintenance of Capital Adequacy*

The Guarantor shall not permit its total capital ratio calculated in accordance with the recommendations of the Basel Committee on Banking Regulations and Supervisory Practices (the ''Committee'') to fall below 10.0 per cent., such recommendations to be as provided in the Committee's paper entitled ''International Convergence of Capital Measurement and Capital Standards'' dated July 1988 as amended in November 1991 and as further amended, replaced or substituted by the Committee, such calculation to be made by reference to the most recent audited consolidated financial statements of the Guarantor prepared in accordance with IFRS.

6. Definitions

For the purposes of these Conditions:

''Development Organisation'' means any of Asian Development Bank, European Bank for Reconstruction and Development, International Bank for Reconstruction and Development, International Finance Corporation, Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. or Deutsche Investitions-und Entwicklungsgesellschaft GmbH or any other development finance institution established or controlled by one or more states and any other person which is a, or controlled by any, Kazakhstan governmental body acting on behalf of or funded in relation to the relevant Indebtedness for Borrowed Money by one or more of the foregoing.

"Fair Market Value" of a transaction means the value that would be obtained in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer. A report of the Auditors (as defined in the Trust Deed) of the Guarantor of the Fair Market Value of a transaction may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall be conclusive and binding on all parties.

"Indebtedness" means any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.

"Indebtedness for Borrowed Money" means any Indebtedness of any Person for or in respect of (a) moneys borrowed, (b) amounts raised by acceptance under any acceptance credit facility, (c) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments, (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with IFRS, be treated as finance or capital leases, (e) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service and (f) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the commercial effect of a borrowing.

"Indebtedness Guarantee" means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation) (a) any obligation to purchase such Indebtedness, (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (c) any indemnity against the consequences of a default in the payment of such Indebtedness and (d) any other agreement to be responsible for repayment of such Indebtedness.

"Permitted Security Interest" means any Security Interest (a) granted in favour of the Guarantor by any Subsidiary to secure Indebtedness for Borrowed Money owed by such entity to the Guarantor, (b) which arises pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings or as security for costs and expenses in any such proceedings, so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings, (c) being liens or rights of set-off arising by operation of law and in the ordinary course of business, including, without limitation, any rights of set-off with respect to demand or time deposits maintained with financial institutions and bankers' liens with respect to property of the Guarantor held by financial institutions, (d) arising in the ordinary course of the Guarantor's or a Subsidiary's business and (i) which are necessary in order to enable the Guarantor or such Subsidiary to comply with any mandatory or customary requirement imposed on it by a banking or other regulatory authority in connection with the Guarantor's or such Subsidiary's business or (ii) limited to deposits made in the name of the Guarantor or such Subsidiary to secure obligations of the Guarantor's or such Subsidiary's customers, (e) on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property, provided that any such encumbrance secures only rentals and other amounts payable under such lease, (f) arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Guarantor or any Subsidiary), in connection with (i) contracts entered into substantially simultaneously for sales and purchases at market prices of precious metals or securities, (ii) the establishment of margin deposits and similar securities in connection with interest rate and foreign currency hedging operations and trading in securities or (iii) the Guarantor's foreign exchange dealings or other proprietary trading activities including, without limitation, Repos, (g) granted upon or with regard to any property hereafter acquired by the Guarantor or any Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), provided that the maximum amount of Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property, (h) arising out of the refinancing, extension, renewal or refunding of any Indebtedness for Borrowed Money secured by a Security Interest either existing on or before the issue date of the Notes or permitted by any of the above exceptions, provided that the Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness for Borrowed Money and such Security Interest is not extended to cover any property not previously subject to such Security Interest, (i) granted by the Guarantor in favour of a Development Organisation to secure Indebtedness for Borrowed Money owed by the Guarantor to such a Development Organisation pursuant to any loan agreement or other credit facility entered into between the Guarantor and such a Development Organisation, provided, however, that (i) the amount of Indebtedness for Borrowed Money so secured pursuant to this clause (i) shall not exceed in the a ggregate an amount in any currency or currencies equivalent to 20 per cent. of the Guarantor's gross loans and advances to customers (calculated by reference to the most recent audited consolidated financial statements of the Guarantor prepared in accordance with IFRS) and (ii) the relevant Security Interest only extends to the asset financed by the relevant Indebtedness for Borrowed Money and/or any Security Interest or other claim held by the Guarantor in relation thereto, (j) created or outstanding upon any property or assets (including current and/or future revenues, accounts receivables and other payments) of the Guarantor or any Subsidiary arising out of any securitisation of such property or assets or other similar structured finance transaction in relation to such property or assets where the primary source of payment of any obligations secured by such property or assets is the proceeds of such property or assets (or where the payment of such obligations is otherwise supported by such property or assets) and where recourse to the Guarantor or the relevant Subsidiary in respect of such obligations does not extend to defaults by the obligors in relation to such property or assets, provided that the aggregate amount of such obligations so secured pursuant to this clause (j) at any one time (measured at the time of initial incurrence) shall not exceed an amount in any currency or currencies equivalent to 15 per cent. of the Guarantor's gross loans and advances to customers (calculated by reference to the most recent audited consolidated financial statements of the Guarantor prepared in accordance with IFRS) and (k) not included in any of the above exceptions, in aggregate securing Indebtedness for Borrowed Money or Indebtedness Guarantees in respect of indebtedness for Borrowed Money with an aggregate principal amount at any time not exceeding U.S.$15,000,000 (or its equivalent in other currencies) at that time.

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having a separate legal personality.

"Repo" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any for the foregoing and for purposes of this definition, the term "securities" means any capital stock, share, debenture or other debt or equity instrument, or other derivative, whether issued by any private or public company, any government or agency or instrumentality thereof or any supranational, international or multilateral organisation.

"Security Interest" means any mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of any Person or any other type of preferential arrangement having similar effect over any assets or revenues of such Person.

"Subsidiary" means, in relation to any Person (the "first Person") at a given time, any other Person (the "second Person") (i) whose affairs and policies the first Person directly or indirectly controls or (ii) as to whom the first Person owns directly or indirectly more than 50 per cent. of the capital, voting stock or other right of ownership. "Control", as used in this definition, means the power by the first Person to direct the management and the policies of the second Person, whether through the ownership of share capital, by contract or otherwise, provided, however, that for the purposes of Condition 5.2 (*Negative Pledge of the Guarantor*) "Subsidiary" shall not include the Issuer.

The Trust Deed does not oblige the Trustee to monitor compliance by the Issuer or the Guarantor, as the case may be, with the Conditions (including Conditions 5.1, 5.2, 5.3, 5.4, and 5.5) but it does oblige the Issuer and the Guarantor to furnish the Trustee, annually, with a certificate, on which the Trustee may rely, as to such compliance.

7. Interest

7.1 *Interest Accrual*

Each Note bears interest from 17 October 2006 (the "Issue Date") at the rate of 9.375 per cent. per annum (the "Rate of Interest"), payable on 17 April and 17 October in each year (each, an "Interest Payment Date"), subject as provided in Condition 8 (*Payments*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "Interest Period".

7.2 *Cessation of Interest*

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (as well after as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying and Transfer Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

7.3 *Calculation of Interest for an Interest Period*

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7.4 *Calculation of Interest for any Other Period*

If interest is required to be calculated for any period other than an Interest Period, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

8. Payments

8.1 *Principal*

Payments of principal shall be made by U.S. dollar cheque drawn on, or, upon application by a holder of a Note to the Specified Office of the Principal Paying and Transfer Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar as any Paying and Transfer Agent.

8.2 *Interest*

Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a holder of a Note to the Specified Office of the Principal Paying and Transfer Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying and Transfer Agent.

8.3 *Payments Subject to Fiscal Laws*

All payments in respect of the Notes are subject in all cases to any applicable or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.4 *Payment on a Business Day*

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value on the due date, or, if the due date is not a business day, for value on the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (a) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case or part payment only, endorsed) at the Specified Office of a Paying and Transfer Agent and (b) (in the case of payments of interest payable other than on redemption) on the due date for payment. A holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for a payment not being a business day or (ii) a cheque mailed in accordance with this Condition 8 (*Payments*) arriving after the due date for payment or being lost in the mail. In this Condition 8.4, "business day" means any day on which banks are open for business (including dealings in foreign currencies in London and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

8.5 *Paying and Transfer Agents*

In acting under the Paying Agency Agreement and in connection with the Notes, the Paying and Transfer Agents act solely as agents of the Issuer and the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. The initial Paying and Transfer Agents and their initial Specified Offices are listed below. Each of the Issuer and the Guarantor reserves the right (with prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying and Transfer Agent and to appoint a successor registrar or principal paying and transfer agent and additional or successor paying and transfer agents; provided, however, that the Issuer shall at all times and so long as the Notes remain listed on the Luxembourg Stock Exchange and such exchange so requires maintain a paying and transfer agent in Luxembourg, a registrar and a principal paying and transfer agent. In addition, the Issuer undertakes that it will ensure that it maintains a paying and transfer agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to the European Union Council Directive 2003/48/EC on the taxation of savings income implementing, or any law implementing or complying with, or introduced in order to conform to, such directive. Notice of any change in any of the Paying and Transfer Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 15 (*Notices*).

9. Redemption and Purchase

9.1 *Scheduled Redemption*

Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 17 October 2011, subject as provided in Condition 8 (*Payments*).

9.2 *Redemption for Tax Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that (a) the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) to any greater extent than would have been required had such a payment been required to be made on 16 October 2006 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or the Republic of Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), but excluding any such change or amendment which obliges the Issuer or (as the case may be) the Guarantor to pay additional amounts in respect of Notes held by or on behalf of a person resident, domiciled or organised in The Netherlands or the Republic of Kazakhstan in respect of whom no additional amounts would be required to be paid in relation to a payment of interest on the Notes if it were required to be made on 16 October 2006 which change or amendment becomes effective on or after 16 October 2006 and (b) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Notes were then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (i) a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer (or the Guarantor, as the case may be) so to redeem have occurred and (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (a) and (b) above, in which event they shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 9.2, the Issuer (or the Guarantor, as the case may be) shall be bound to redeem the Notes in accordance with this Condition 9.2.

9.3 *Redemption at the Option of the Noteholders*

Following the occurrence of a Relevant Event, the Issuer shall, at the option of the holder of any Note, redeem such Note on the sixtieth day after notice thereof has been given by the Issuer to Noteholders in accordance with Condition 15 (*Notices*) (the ''Put Settlement Date'') (with a copy to the Trustee) at their principal amount together with interest accrued to the Put Settlement Date. In order to exercise the option contained in this Condition 9.3, the holder of a Note must, not less than 15 days before the Put Settlement Date, deposit with any Paying and Transfer Agent the relevant Note Certificate and a duly completed put option notice (a ''Put Option Notice'') in the form obtainable from any Paying and Transfer Agent. No Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 9.3, may be withdrawn; provided, however, that if, prior to the Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note Certificate on the Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, such Note Certificate shall, without prejudice to the exercise of the Put Option, be returned to the holder by uninsured first class mail (airmail if overseas) at such address as may have been given by such Noteholder in the relevant Put Option Notice.

9.4 *Redemption at the Option of the Issuer Following a Partial Redemption of the Notes at the Option of Noteholders*

If 75 per cent. or more of the aggregate principal amount of the Notes originally issued shall have been redeemed on the Put Settlement Date in accordance with the provisions of Condition 9.3, the Issuer may, having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) (with a copy to the Trustee), redeem on the expiry date of such notice all (but not some only) of the Notes at their principal amount together with interest accrued and unpaid to but excluding the date of such redemption.

9.5 *No other redemption*

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9.1 to 9.4 above.

9.6 *Purchase*

The Issuer, the Guarantor and any Subsidiary of the Guarantor may at any time purchase or procure others to purchase for its account the Notes in the open market or otherwise and at any price. Notes so purchased may be held or resold (provided that such resale is outside the United States and is otherwise in compliance with all applicable laws) or surrendered for cancellation at the option of the Issuer, or the Guarantor, or otherwise, as the case may be. Any Notes so purchased, while held by the Issuer, shall not entitle the Issuer to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorum at such meetings.

9.7 *Cancellation of Notes*

All Notes which are redeemed pursuant to Conditions 9.1 to 9.4 or submitted for cancellation pursuant to Condition 9.6 shall be cancelled and may not be reissued or resold. So long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer shall notify the Luxembourg Stock Exchange of any such cancellation.

9.8 *Definitions*

As used in this Condition 9 (*Redemption and Purchase*):

''Asset Sale'' means the conveyance, transfer or lease (whether in a single transaction or in a series of related transactions) of all or substantially all of the assets of (i) the Guarantor or any of its Subsidiaries to any Person or (ii) any Person to the Guarantor or any of its Subsidiaries.

''Merger Event'' means the consolidation of the Guarantor or any of its Subsidiaries with another Person (other than, in the case of any such Subsidiary, the Guarantor); the merger of the Guarantor or any of its Subsidiaries with or into, or the amalgamation of the Guarantor or any of its Subsidiaries with another Person (other than, in the case of any such Subsidiary, the Guarantor) or the reorganisation or restructuring of the Guarantor or any of its Subsidiaries.

''Rating Agency'' means Moody's Investors Services Inc. (''Moody's'') and its successors or Standard and Poor's Rating Service, a division of McGraw Hill Companies (''S&P'') and its successors or Fitch IBCA (''Fitch'') and its successors.

"Rating Downgrade" means

(a) the withdrawal (by Moody's or, as the case may be, S&P) of any of the long term foreign currency debt or deposit ratings of the Guarantor or the Notes; or

(b) the reduction (by Moody's or, as the case may be, S&P) by two rating sub-categories of any of the long term foreign currency debt or deposit ratings of the Guarantor or the Notes from Ba3 (Moody's) or B– (S&P)) (or their respective equivalents for the time being, meaning the rating symbol which Moody's or, as the case may be, S&P may use from time to time to denote the same rating sub-category)

provided that in relation to (b) above:

(i) any Rating Downgrade stated by the relevant Rating Agency to result solely from the withdrawal or reduction of the rating of any debt of the Republic of Kazakhstan shall not be taken into account when determining whether or not a Relevant Event has occurred; and

(ii) if, prior to the announcement of a Merger Event or Asset Sale, any rating of the Guarantor or the Notes has been reduced by one or more rating sub-categories and the reduction is stated by the relevant Rating Agency to result solely from the withdrawal or reduction of the rating of any debt of the Republic of Kazakhstan, then, for the purposes of determining whether or not a Relevant Event has occurred, the ratings of the Guarantor and the Notes in existence at the time of the announcement of such Merger Event or Asset Sale shall be substituted, if different, for the ratings set out in (b) above.

"Relevant Event" means (i) a Merger Event resulting in a Rating Downgrade or (ii) an Asset Sale resulting in a Rating Downgrade.

10. Taxation

10.1 *Taxation*

All payments of principal and interest in respect of the Notes (including payments by the Guarantor under the Guarantee and any payment by the Issuer under the Trust Deed) shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within The Netherlands, the Republic of Kazakhstan or any jurisdiction from or through which payment is made, or, in any case, or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(a) presented for payment by a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of such holder having some connection with The Netherlands or the Republic of Kazakhstan other than the mere holding of such Note; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC) or any law implementing or complying with, or introduced in order to conform to, such directive; or

(d) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by surrendering the relevant Note Certificate to another Paying and Transfer Agent in a member state of the European Union.

10.2 *Relevant Date*

In these Conditions, "Relevant Date" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in New York by the

Principal Paying and Transfer Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

10.3 *Additional Amounts*

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 10 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 10 (*Taxation*) pursuant to the Trust Deed.

10.4 *Taxing Jurisdiction*

If the Issuer or (as the case may be) the Guarantor becomes subject at any time to any taxing jurisdiction other than The Netherlands or, in the case of the Guarantor, the Republic of Kazakhstan, references in these Conditions to The Netherlands or, as the case may be, the Republic of Kazakhstan shall be construed as references to The Netherlands and/or the Republic of Kazakhstan and/or such other jurisdiction.

11. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years, and claims for interest due other than on redemption shall become void unless made within five years, of the appropriate Relevant Date.

12. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified to its satisfaction) shall, give notice to the Issuer and the Guarantor that the Notes are and they shall immediately become due and repayable at their principal amount together with accrued interest if any of the following events (each, an ''Event of Default'') occurs:

12.1 *Non-Payment*

The Issuer fails to pay the principal of any of the Notes when the same becomes due and payable either at maturity, by declaration or otherwise or the Issuer is in default with respect to the payment of interest or any additional amount payable in respect of any of the Notes and such default in respect of interest or additional amounts continues for a period of five business days; or

12.2 *Breach of Other Obligations*

The Issuer or the Guarantor is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Notes or the Trust Deed (other than a default or breach elsewhere specifically dealt with in this Condition 12 (*Events of Default*)) and such default or breach is not remedied within 30 days (or such longer period as the Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer or the Guarantor, as the case may be, by the Trustee; or

12.3 *Cross-Default*

(a) any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Subsidiary of the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period; or (b) any Indebtedness for Borrowed Money becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness for Borrowed Money; or (c) the Issuer, the Guarantor or any of the Guarantor's Subsidiaries fails to pay when due any amount payable by it under any Indebtedness Guarantee, provided that the amount of Indebtedness for Borrowed Money referred to in (a) and/or (b) above and/or the amount payable under any Indebtedness Guarantee referred to in (c) above individually or in the aggregate exceeds U.S.$7,000,000 (or its equivalent in any other currency or currencies (as determined by the Trustee)); or

12.4 *Bankruptcy*

(a) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries or all or substantially all of their respective properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or (b) the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries, as the case may be, or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries commences proceedings with a view to the general adjustment of its Indebtedness which event is, in the case of the Material Subsidiary, materially prejudicial to the interests of the Noteholders (in the opinion of the Trustee); or

12.5 *Substantial Change in Business*

The Guarantor makes or threatens to make any substantial change in the principal nature of its business as presently conducted which is (in the sole opinion of the Trustee) materially prejudicial to the interests of the Noteholders; or

12.6 *Maintenance of Business*

The Guarantor fails to take any action as is required of it under applicable banking regulations in Kazakhstan or otherwise to maintain in effect its banking licence or corporate existence or fails to take any action to maintain any material rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations which is (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders and such failure is not remedied within 30 days (or such longer period as the Trustee may in its sole discretion determine) after notice thereof has been given to the Guarantor; or

12.7 *Material Compliance with Applicable Laws*

The Issuer or the Guarantor fails to comply in any (in the sole opinion of the Trustee) material respect with any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes, the Trust Deed or the Paying Agency Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect; or

12.8 *Invalidity or Unenforceability*

(a) the validity of the Notes, the Trust Deed or the Paying Agency Agreement is contested by the Issuer or the Guarantor, or the Issuer or the Guarantor shall deny any of its obligations under the Notes, the Trust Deed or the Paying Agency Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or (b) it is or becomes unlawful for the Issuer or the Guarantor to perform or comply with all or any of its obligations set out in the Notes, the Trust Deed or the Paying Agency Agreement or (c) all or any of the obligations of the Issuer or the Guarantor set out in the Notes, the Trust Deed or the Paying Agency Agreement shall be or become unenforceable or invalid and, following the occurrence of any of the events specified in this Condition 12.8, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

12.9 *Government Intervention*

(a) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Subsidiary of the Guarantor is condemned, seized, nationalised or otherwise appropriated by any person acting under the authority of any national, regional or local government or (b) the Issuer, the Guarantor or any Subsidiary of the Guarantor is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in this Condition 12.9, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders.

As used in this Condition 12 (*Events of Default*), "Material Subsidiary" means, at any given time, any Subsidiary of the Guarantor whose gross assets or gross revenues represent at least 5 per cent. of the consolidated gross assets, or, as the case may be, consolidated gross revenues of the Guarantor and its consolidated Subsidiaries and, for these purposes (i) the gross assets and gross revenues of such Subsidiary shall be determined by reference to its then most recent audited financial statements (or, if none, its then most recent management accounts); and (ii) the consolidated gross assets and consolidated gross revenues of the Guarantor and its consolidated Subsidiaries shall be determined by reference to its then most recent audited consolidated financial statements, in each case prepared in accordance with IFRS.

The Trust Deed provides that the Trustee may, at any time, or, in making any determination under these Conditions or the Trust Deed, act on the opinion or advice of, or information obtained from, any expert, auditor, lawyer or professional entity without further enquiry or evidence. If such evidence is relied upon, the Trustee's determination shall be conclusive and binding on all parties, and the Trustee will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from it so acting.

13. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or the Paying and Transfer Agent having its Specified Office in London, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

14. Meetings of Noteholders; Modification and Waiver

14.1 *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee, the Issuer, the Guarantor, or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "Reserved Matter")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

14.2 *Written Resolution*

A resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

14.3 *Modification Without Noteholders' Consent*

The Trustee may, without the consent of the Noteholders agree (a) to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and (b) to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

15. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as Notes are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that exchange so require, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe as well as on the Luxembourg Stock Exchange's website: "www.bourse.lu".

16. Trustee

16.1 *Indemnification*

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer or the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

16.2 *Exercise of Power and Discretion*

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

16.3 *Enforcement*

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the holders of at least one quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified or provided with security to its satisfaction.

16.4 *Failure to act*

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing. The Notes provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Noteholders to take action directly.

16.5 *Retirement and Removal*

Any Trustee may retire at any time on giving at least three months' written notice to the Issuer and the Guarantor without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, it will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee.

16.6 *Substitution*

The Trust Deed contains provisions to the effect that the Trustee may (without the consent of the Noteholders) agree on such terms as it may specify to the substitution of the Issuer's successor in business, the Guarantor or its successors in business or any Subsidiary of the Guarantor in place of the Issuer as issuer and principal obligor in respect of the Notes and as principal obligor under the Trust Deed, subject to all relevant conditions of the Trust Deed having been complied with. Not later than 14 days after compliance with the aforementioned requirements, notice thereof shall be given by the Guarantor to the Noteholders in accordance with Condition 15 (*Notices*).

17. Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

18. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or from the Guarantor under the Trust Deed or any order or judgment given or made in relation thereto has to be converted from the currency (the ''first currency'') in which the same is payable under these Conditions, the Trust Deed or such order or judgment into another currency (the ''second currency'') for the purpose of (a) making or filing a claim or proof against the Issuer or the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, or in respect thereof under the Trust Deed, the Issuer or, as the case may be, the Guarantor, shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor, or to the Specified Office of the Principal Paying and Transfer Agent or the Paying and Transfer Agent having its Specified Office in London, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of each of the Issuer and the Guarantor and shall give rise to a separate and independent cause of action.

19. Contracts (Rights of Third Parties) Act 1999

No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does affect the right or remedy of any Person which exists or is available apart from such act.

20. Governing Law; Jurisdiction and Arbitration

20.1 *Governing law*

The Trust Deed and the Notes are governed by, and shall be construed in accordance with, English Law.

20.2 *Submission to Jurisdiction; Arbitration*

The Issuer and the Guarantor have in the Trust Deed (a) submitted irrevocably to the jurisdiction of the courts of England for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Deed, the Notes or the Guarantee; (b) waived any objection which it might have to such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; (c) designated a person in England to accept service of any process on its behalf; (d) consented to the enforcement of any judgment; (e) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction; and (f) agreed that the Trustee may elect by written notice to the Issuer and the Guarantor that any dispute (including a claim, dispute or difference regarding the existence, termination or validity of the Notes), shall be finally settled by arbitration in accordance with the Rules of the London Court of International Arbitration as at present in force and as modified by the Trust Deed.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

1. Global Note Certificate

The Notes will be evidenced on issue by the Global Note Certificate (deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg).

Interests in the Global Note Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See ''— Book-Entry Procedures''. By acquisition of an interest in a Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person, and that, if it determines to transfer such beneficial interest prior to the expiration of the 40 day distribution compliance period, it will transfer such interest only to a person whom the seller reasonably believes to be a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S.

Interests in the Global Note Certificate will be subject to certain restrictions on transfer set forth therein and in the Trust Deed, and the Notes will bear the legends set forth thereon regarding such restrictions substantially to the following effect:

> ''The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the ''Securities Act'') and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.''

Except in the limited circumstances described below, owners of interests in the Global Note Certificate will not be entitled to receive physical delivery of certificated Notes in definitive form (the ''Definitive Note Certificates''). The Notes are not issuable in bearer form.

2. Amendments to the Conditions

The Global Note Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions of the Notes. The following is a summary of those provisions:

Payments. Payments of principal and interest in respect of Notes evidenced by the Global Note Certificate will be made against presentation for endorsement by the Principal Paying and Transfer Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of the Global Note Certificate to or to the order of the Principal Paying and Transfer Agent or such other Paying and Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note Certificate, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

Notices. So long as any Notes are represented by the Global Note Certificate and the Global Note Certificate is held on behalf of a clearing system, notices to Noteholders required to be published in the *d'Wort* may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for delivery thereof as required by the Conditions of such Notes provided that for so long as the Notes are listed on the official list and admitted to trading on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Meetings. The holder of the Global Note Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.$1,000 in principal amount of Notes for which the Global Note Certificate may be exchangeable.

Trustee Powers. In considering the interests of Noteholders while the Global Note Certificate is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note Certificate and may consider such interests as if such accountholders were the holders of the Global Note Certificate.

Prescription. Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Global Note Certificate will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 10 (*Taxation*) of the Notes).

Put Option. The Noteholders' put option in Condition 9.3 (*Redemption at the option of the Noteholders*) of the Notes may be exercised by the holder of the Global Note Certificate giving notice to the Principal Paying and Transfer Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Note Certificate for endorsement of exercise within the time limits specified in such Condition.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Note Certificate.

3. Exchange for Definitive Note Certificates

Exchange

A Global Note Certificate will become exchangeable, free of charge to the holder, in whole but not in part, for Individual Note Certificates if: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so, or (b) an Event of Default (as defined and set out in Condition 12 (*Events of Default*) on the Notes) occurs. In such circumstances, such Definitive Note Certificates will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct in writing and the Issuer or the Guarantor will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) and (b).

The Registrar will not register the transfer of any Notes or exchange of interests in a Global Note Certificate for Individual Note Certificates for a period of 15 calendar days ending on the due date for any payment of principal or interest in respect of the Notes.

Delivery

In such circumstances, a Global Note Certificate shall be exchanged in full for Individual Note Certificates and the Issuer will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Individual Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer, the Guarantor and the Registrar may require to complete, execute and deliver such Notes.

The holder of an Individual Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying and Transfer Agent, together with the completed form of transfer thereon.

4. Book-Entry Procedures

Custodial and depository links are to be established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "Book-Entry Ownership" and "Settlement and Transfer of Notes" below.

Investors may hold their interests in a Global Note Certificate directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("Direct Participants") or indirectly ("Indirect Participants" and together with Direct Participants, "Participants") through organisations which are accountholders therein.

5. Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing.

Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

6. Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

A Global Note Certificate representing the Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855, Luxembourg.

7. Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a Note evidenced by a Global Note Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer, or the Guarantor, as the case may be, to the holder of a Global Note Certificate and in relation to all other rights arising under a Global Note Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective interests in the principal amount of the Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of interests in a Global Note Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer, or the Guarantor, as the case may be, in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note Certificate and the obligations of the Issuer, or the Guarantor, as the case may be, will be discharged by payment to the registered holder, as the case may be, of a Global Note Certificate in respect of each amount so paid. None of the Issuer, the Guarantor, the Trustee or any Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in a Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

8. Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "Beneficial Owner") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in a Global Note Certificate held within a clearing system are exchanged for Definitive Note Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect

Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited.

9. Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

DESCRIPTION OF THE ISSUER

History

The Issuer was incorporated as a private company with limited liability (a *besloten vennootschap met beperkte aansprakelijkheid* or B.V.) under and subject to the laws of The Netherlands on 31 July 2006 for an unlimited duration. Its number in the commercial register of Rotterdam, The Netherlands is 24399079. The Issuer is a direct, wholly owned subsidiary of the Bank.

Capitalisation

The following table sets out the capitalisation of the Issuer as at 31 July 2006, its date of incorporation, and as adjusted to reflect the issue and sale of the Notes, before deducting commissions and expenses, and the €2 million capital contribution made by the Bank:

As adjusted

	Actual		As adjusted	
	(U.S.$)[1]	*(Euro)*	*(U.S.$)*[1]	*(Euro)*
Senior long-term liabilities[2]	—	—	150,000,000	119,227,406
Total shareholders' equity	22,646	18,000	2,538,846	2,018,000
Total shareholders' equity and long-term liabilities	22,646	18,000	152,538,846	121,245,406

(1) At the exchange rate of €1.00 = U.S.$1.2581 (as reported by the European Central Bank) as at 27 July 2006.

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

The authorised share capital of the Issuer is €90,000, divided into ordinary shares with a par value of €100 each. As at the date of this Prospectus, the Issuer's total capitalisation is €18,000, consisting of 180 ordinary shares which have been issued and fully paid by the Bank. The Bank has increased the Issuer's total paid-in capital by an amount equal to €2 million, by way of a share premium contribution.

On 12 October 2006 the Issuer has entered into a U.S.$135 million Term Loan Facility with a syndicate of foreign banks led by Citibank N.A. London Branch and ING Bank N.V. and the Bank as a Guarantor. For detailed description of the facility please see "Foreign Currency Borrowings — The Citibank/ING Facility".

Except for the issue of the Notes and the Term Loan as described above there has been no material adverse change in the capitalisation, financial position or prospects of the Issuer since the date of its incorporation.

The net proceeds of the issue will be deposited by the Issuer with the Bank and the Issuer will pledge its rights to the deposit to secure its obligations to reimburse the Bank for any payments made under the Guarantee.

Business

As set out in Article 2 of its Articles of Association, the Issuer was incorporated primarily for the purpose of raising funds in the international capital markets and lending such funds to the Bank or its subsidiaries. See "Use of Proceeds". The Issuer has no employees or subsidiaries.

The Issuer has no outstanding indebtedness in the nature of borrowings, guarantees or contingent liabilities as at the date of this Prospectus.

Since its incorporation, there have been no governmental, legal or arbitration proceedings against the Issuer which may have, or have had in the recent past, significant effects on any of its financial position or profitability, nor is the Issuer aware of any pending or threatened proceedings of such kind.

Financial Statements

The Issuer will publish unconsolidated annual financial statements in accordance with Dutch law. To comply with an NBK requirement that the accounts of overseas subsidiaries of Kazakhstan banks must be independently audited, the Issuer will engage Mazars Paardekooper Hoffman N.V. to conduct annual audits of its statutory financial statements. The Issuer is not required to, and does not intend to, produce interim financial statements.

Management

The Issuer currently has two managing directors, Arystanbek Kurmangaliyev, who is a Managing Director/ Head of the International Department of the Bank, with his business address at 168 B Zheltoksan Street, Almaty, 050013 Kazakhstan and Equity Trust Co. N.V. whose business address is Schouwburgplein 30-34, 3012 CL Rotterdam, The Netherlands (''Equity Trust'') a company with limited liability incorporated in The Netherlands.

Other than as disclosed in this Prospectus, there are no potential conflicts of interest between any duties of the managing directors towards the Issuer and their private interests and/or other duties.

General Information

The business address of the Issuer is Schouwburgplein 30-34, 3012 CL Rotterdam, The Netherlands, and its telephone number is 010-2245333. Administrative services are provided to the Issuer by Equity Trust, whose business address is Schouwburgplein 30-34, 3012 CL Rotterdam, The Netherlands.

The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the issuance of the Notes and the performance of its obligations in relation thereto.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately U.S.$146,500,000 after deduction of the combined management and underwriting commission and estimated expenses incurred in connection with the issue of the Notes, will be on-lent by the Issuer to the Bank. The Bank will use the proceeds to fund the planned expansion of its loans to SMEs, including, amongst, others working capital facilities, trade finance, project finance, short-term leasing of equipment, and for other general corporate purposes, including liquidity management.

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 being limited to interventions in the domestic currency market in Kazakhstan in order to prevent volatile exchange rate fluctuations caused by short-term changes in supply and demand.

As a result of the economic crises in Asia and Russia in 1997 and 1998 and the resulting currency depreciations, primarily in Russia and other former Soviet Republics, Kazakhstan's exports became less competitive on international markets while imports from such countries increased. In addition, the decline in world commodity prices, particularly of oil, base and precious metals and grain, reduced Kazakhstan's foreign currency revenues. The resulting trade imbalance, as well as lower than expected privatisation revenues, weakened the Tenge. The NBK supported the Tenge by intervening in the foreign exchange markets. Such intervention, together with the servicing of Kazakhstan's external debt, resulted in a decline of foreign exchange reserves.

In April 1999, the NBK and the Government publicly announced that they 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 U.S.$1.00=KZT 88.00 to a rate of U.S.$1.00=KZT 130.00 by May 1999. During the next three years, the Tenge generally continued to depreciate in value against the U.S. dollar, although at a much slower rate. Since 2003, however, the Tenge has appreciated in value against the U.S. dollar, and according to the NBK, during the first six months of 2006, the Tenge appreciated by 11.3 per cent. against the U.S. dollar.

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

Years ended 31 December	Period-end	High	Average(1)	Low
2000	145.40	145.40	142.26	138.59
2001	150.94	150.94	146.92	145.05
2002	155.60	156.29	153.28	151.31
2003	144.22	155.89	149.58	143.66
2004	130.00	143.33	136.04	130.00
2005	133.77	136.12	132.88	129.83

	Period-end	High	Average(1)	Low
January 2006	132.17	133.28	133.13	132.05
February 2006	130.30	133.37	131.40	130.30
March 2006	128.45	130.35	128.76	127.40
April 2006	124.42	128.95	126.94	122.92
May 2006	121.48	124.42	122.62	212.00
June 2006	118.69	121.26	119.76	118.26
July 2006	118.41	118.49	118.13	117.25
August 2006	125.24	125.24	122.63	118.41

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

The KZT/U.S. dollar exchange rate on the KASE, as reported by the NBK on 15 September 2006, was KZT 126.15 per U.S.$1.00.

The above rates may differ from the actual rates used in the preparation of the Bank's consolidated financial statements and other financial information appearing in this Prospectus. The inclusion of these exchange rates is not meant 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, if 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 by the Kazakhstan Parliament 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 out-flowing capital account operations are required to be licensed by or registered with the NBK. Capital in-flows are registered and monitored for statistical purposes only, but are not restricted.

In 2005, a new law on currency regulation was adopted by Parliament replacing the previous law which was adopted in 1996. The new law has significantly simplified rules applicable to currency operations. Under this new law, only particular types of currency operations require licensing, registration or notification. Particularly, with respect to most banks' cross-border operations, banks are only obliged to notify the NBK of such operations instead of registering them with the NBK which is a more complicated procedure.

Capital in-flows are registered and monitored for statistical purposes only, but are not restricted. New licensing rules adopted through the implementation of the currency regulation law in 2005 liberalised the treatment of the outflow of capital. One of the purposes of liberalisation is to avoid the pressure caused by the influx of U.S. dollars into Kazakhstan due to high market prices for Kazakhstan export goods by directing export revenues abroad.

In accordance with the Programme for 2005-2007 on Liberalisation of Exchange Regulations adopted by the Government in June 2004, full liberalisation of capital transactions will commence in 2007. However, currency control authorities will be able to introduce restrictions on currency transactions when there is a risk to the ability of Kazakhstan to pay its external debt or if there is a threat to stability of its internal currency market. The President will also have a right granted by Kazakhstan's Constitution to establish restrictions on currency transactions.

CAPITALISATION

The following table sets out the consolidated capitalisation of the Bank in U.S. dollars and Tenge as at 30 June 2006 on an actual basis, and as adjusted to reflect the issuance of the Notes:

	As at 30 June 2006			
	Actual		As adjusted[1]	
	(U.S.$ thousands)[2] (unaudited)	*(KZT thousands) (unaudited)*	*(U.S.$ thousands)[2] (unaudited)*	*(KZT thousands) (unaudited)*
Liabilities[3]				
Senior long-term debt[4]	481,579	57,158,545	631,579	74,962,112
Subordinated long-term debt[5]	41,457	4,920,542	41,457	4,920,542
Total long-term liabilities	523,036	62,079,087	673,036	79,882,654
Shareholders' equity				
Share capital[6]	84,253	10,000,000	84,253	10,000,000
Additional paid-in capital	254	30,205	254	30,205
Securities revaluation reserves	(2,404)	(285,295)	(2,404)	(285,295)
Treasury shares	(75)	(8,900)	(75)	(8,900)
Property and equipment revaluation reserve	4,145	491,932	4,145	491,932
Retained earnings	67,785	8,045,343	67,785	8,045,343
Minority interest	3,109	369,030	3,109	369,030
Total shareholders' equity	157,067	18,642,315	157,067	18,642,315
Total capitalisation	680,103	80,721,402	830,103	98,524,969

Notes:

(1) Adjusted to reflect the receipt of the proceeds from the issue and sale of the Notes by the Bank.

(2) As at 30 June 2006, the KZT/U.S.$ exchange rate as reported by the NBK was KZT 118.69 per U.S.$1.00.

(3) Does not include an additional KZT 37,391 million of contingent liabilities related to commitments to extend credit, guarantees and commercial letters of credit net of cash collateral and provisions.

(4) Senior long-term debt represents liabilities that fall due after one year and are not subordinated.

(5) Subordinated long-term debt consists of subordinated notes issued by the Bank indexed to U.S. dollars and Tenge-denominated.

(6) The issued and paid-in share capital as at 30 June 2006 consisted of 864,480 common shares and 135,520 preferred shares.

Save as disclosed above, there has been no material change in the Bank's capitalisation since 30 June 2006.

FINANCIAL REVIEW AND FINANCIAL CONDITION

The following discussion should be read in conjunction with the Bank's Financial Statements appearing elsewhere in this Prospectus. This discussion includes forward-looking statements based on assumptions about the Bank's future business. The Bank's actual results could differ materially from those contained in such forward-looking statements.

Introduction

Established in 1992, the Bank, according to the information filed with the FMSA, was the eighth largest commercial bank in Kazakhstan, measured by total assets as at 30 June 2006. For the six months ended 30 June 2006, the Bank had net income of KZT 815 million, compared with net income of KZT 848 million for the same period in 2005, total assets of KZT 141,623 million and total shareholders' equity of KZT 18,642 million as at 30 June 2006 compared with total assets of KZT 121,482 million and total shareholders' equity of KZT 14,040 million as at 31 December 2005. For the year ended 31 December 2005, the Bank had net income of KZT 2,009 million.

The Audited Financial Statements were prepared by the Bank in accordance with IFRS and audited by Ernst & Young. The Interim Financial Statements were prepared by the Bank in accordance with IAS 34 ''Interim Financial Reporting'' and reviewed by Ernst & Young. The Financial Statements reflect the results of operations of the Bank and its four wholly-owned subsidiaries: JSC OMPA Nur-Trust, LLP Leasing Company Nur-Invest, JSC Money Experts and LLP Grand Lombard; an 81.5 per cent. owned subsidiary, JSC Insurance Company Nurpolicy, and a 53.0 per cent. owned subsidiary, JSC APF Atameken, as at and for the six-month period ended 30 June 2006.

Average balance and statistical data included in this Prospectus has been prepared on the basis of average daily balances for information in 2005 and 2006 whereas for 2004, this has been calculated using a simple average (i.e., in the case of balance sheet data, taking the opening and closing balances for the relevant period). Accordingly, investors should be aware such information may not be comparable with 2005 and 2006 average balance and statistical data.

The following financial review, which should be read in conjunction with the Financial Statements, is based on the Interim Financial Statements and the Audited Financial Statements.

Kazakhstan's Economy

Overview

Kazakhstan has been recognised by both the European Union and the United States as having a ''market economy''. It has experienced extensive economic transformation since it gained independence in 1991. For example, real GDP, which fell by 38.6 per cent. between 1990 and 1995, is estimated to have grown by roughly eight times since then; and particularly since April 1999 when the Tenge was allowed to float, assisted by its subsequent devaluation, improvement in the global economic environment and rising commodity prices over the period.

Raw minerals extraction is the biggest sector of Kazakhstan's economy, which makes it overly dependent on world market prices for mineral resources. Therefore, the main tasks facing Kazakhstan in the long-term are diversifying its economy and shifting its production toward value-added products.

Gross domestic product

The black market sector constitutes a significant portion of Kazakhstan's economy and the NSA makes adjustments to its GDP data in accordance with approved IMF practices in order to reflect this. The size of the black market economy currently amounts to approximately 20-25 per cent. of GDP. However, others have given higher estimates of the contribution of the black market economy.

The following table sets forth certain information in relation to Kazakhstan's GDP for the periods indicated:

	Six months ended 30 June	Years ended 31 December					
	2006	2005	2004	2003	2002	2001	2000
Nominal GDP (KZT millions)	7,367,900	7,453,000	5,542,500	4,449,800	3,747,200	3,250,593	2,599,902
Real GDP (percentage change during the twelve months then ended)	9.3	9.4	9.4	9.2	9.5	13.5	9.8
Nominal GDP per capita (KZT)	285,458	489,475	367,783	297,844	252,263	219,170	174,854
Population (millions average annual)	15.3	15.2	15.1	14.9	14.9	14.9	14.9

Source: NSA, NBK

Real GDP increases over the period are principally the result of reforms (including price and trade liberalisation as well as privatisation), foreign investment (particularly in the oil and gas and non-ferrous metallurgy sectors), increases in agricultural production, strong commodity prices in recent years and the flotation of the Tenge in April 1999. Real GDP growth in the first half of 2006 was 9.3 per cent., compared to the first half of 2005.

GDP by sector

The following table sets forth the composition of nominal GDP by sector for the periods indicated:

	Years ended 31 December					
	2005	2004	2003	2002	2001	2000
	(per cent. share of GDP)					
Industry	29.7	31.1	29.5	29.3	30.7	31.9
Construction	7.4	5.9	6.2	6.1	5.5	5.3
Agriculture	6.5	7.9	7.3	7.9	8.7	8.7
Transportation and Telecommunications	11.6	12.2	12.1	11.5	11.2	12.0
Trade	12.4	11.4	12.1	12.0	12.1	12.6
Other(1)	32.4	31.5	32.8	33.2	31.8	29.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes finance and non-production sectors such as medicine, education, culture, defence and state administration, as well as taxes.

Source: NSA

The composition of Kazakhstan's GDP has changed over recent years, with the share of agriculture and industry decreasing and that of construction increasing by approximately 40 per cent. since 2000.

The extraction and production of hydrocarbons (i.e. oil, gas and gas condensates) and minerals are the most significant industries in the Kazakhstan economy. Exports of hydrocarbons and minerals accounted for 73.8 per cent. and 68 per cent. of total exports in 2005 and 2004 respectively.

Official International Reserves

Kazakhstan's international reserves are administered and controlled by the NBK, which is an independent legal entity. Kazakhstan law provides that such international reserves may not be pledged nor may the NBK be required to make international reserves available to support the Government's borrowings. As at 30 June 2006, due to high oil prices and a number of other factors, Kazakhstan's gross international reserves amounted to U.S.$13,084 million compared to gross international reserves of U.S.$7,069 million as at the end of 2005, U.S.$9,277 million at the end of 2004, U.S.$4,959 million at the end of 2003 and U.S.$3,146 million at the end of 2002.

The Government established the National Fund of Kazakhstan (the ''National Fund'') in August 2000 to accumulate State revenue earned from the sale of Kazakhstan's hydrocarbons and mineral resources, the privatisation of state-owned property related to oil and gas industry, the sale of agricultural land plots. As at 30 June 2006, the National Fund had U.S.$9,848 million in assets compared to U.S.$8,074 million at the end of

2005, U.S.$5,131 million at the end of 2004, U.S.$3,663 million at the end of 2003 and U.S.$1,915 million as at the end of 2002.

The following table sets out certain information regarding the Kazakhstan's international reserves as at the dates indicated:

	Six months ended 30 June	Years ended 31 December					
	2006	2005	2004	2003	2002	2001	2000
				(U.S.$ millions)			
Exports (f.o.b.)	17,336	27,849	20,096	13,233	10,027	8,928	9,288
Imports (f.o.b.)	9,945	17,353	12,781	9,145	(7,726)	(7,607)	(6,848)
Foreign exchange reserves	11,929	6,080	8,473	4,233	2,548	1,990	1,594
Gold(1)	1,154	986	804	726	586	510	502
Gross international reserves	13,084	7,069	9,277	4,959	3,146	2,508	2,096

Source: NBK

(1) Gold is valued at the market price prevailing at the beginning of the relevant period.

State Budget

The following table sets out information on certain trends in the Republic of Kazakhstan's actual State revenue and expenditures (excluding quasi-fiscal operations) for the periods indicated:

	Six months ended 30 June	Years ended 31 December					
	2006	2005	2004	2003	2002	2001	2000
				(KZT millions)[1]			
Revenues	1,251,882	2,098,511	1,305,124	1,022,256	821,153	746,612	598,746
Expenditures	1,111,394	1,946,128	1,323,821	1,062,611	820,162	759,610	602,024
Budget surplus (deficit)	66,030	46,662	18,697	(40,355)	(991)	(12,998)	(3,278)
Surplus (deficit) as a percentage of GDP	1.5	0.6	(0.3)	(0.9)	(0.3)	(0.4)	0.1

Source: NBK

(1) Except where otherwise stated

Inflation

The year-on-year rate of consumer price inflation has decreased from 9.8 per cent. at the end of 2000 to 7.6 per cent. as at the end of 2005, and 8.7 per cent. at the end of June 2006 although there have been times in the period when inflationary pressures have resumed, principally as a result of the flotation of the Tenge and rising commodity prices.

The following table sets forth the year-on-year rates of consumer price inflation and producer price inflation for the periods indicated:

	Six months ended 30 June	Years ended 31 December					
	2006	2005	2004	2003	2002	2001	2000
			(per cent.)				
Consumer Prices	4.8	7.6	6.7	6.8	6.6	6.4	9.8
Producer Prices	15.8	23.7	23.8	5.9	11.9	(14.1)	19.4

Source: NBK

Current account

Based on NBK data, Kazakhstan's current account surplus in the first six months of 2006 was U.S.$913 million. The current account deficit in 2005 was U.S.$486 million compared to a surplus of U.S.$530 million in 2004, and a deficit in 2003, 2002 and 2001 of U.S.$270 million, U.S.$1,024 million and U.S.$1,390 million, respectively.

	Six months ended 30 June	Years ended 31 December					
	2006	2005	2004	2003	2002	2001	2000
				(U.S.$ millions)			
Current Account	913	(486)	530	(270)	(1,024)	(1,390)	366

Capital and financial account

The current account deficit has been offset by inflows of foreign direct investment. The capital and financial account surplus in 2000 was U.S.$1,017 million, resulting in a balance of payment surplus of U.S.$585 million. In 2001, foreign direct investment in the amount of U.S.$4,557 million resulted in a capital and financial account surplus of U.S.$2,429 million. In 2002, foreign direct investment for the year amounted to U.S.$4,107 million, which resulted in a capital and financial account surplus of U.S.$1,239 million. In 2003, foreign direct investment was U.S.$4,607 million and the capital and financial account surplus was U.S.$2,755 million. In 2004, foreign direct investment was U.S.$8,424 million which resulted in a capital and financial account surplus of U.S.$4,593 million. In 2005, foreign direct investment was U.S.$4,178 million which resulted in a capital and financial account surplus of U.S.$532 million.

	Years ended 31 December				
	2005	**2004**	**2003**	**2002**	**2001**
	(U.S.$ millions)				
Foreign direct investment	4,178	8,424	4,607	4,107	4,557
Capital and Financial Account	532	(4,856)	2,755	1,239	2,429

Results of Operations for the six months ended 30 June 2006 compared to the six months ended 30 June 2005

Net Interest Income

The following table sets out the principal components of the Bank's consolidated net interest income for the six months ended 30 June 2006 and 2005:

	Six months ended 30 June		Variation
	2006	**2005**	**2006/2005**
	(KZT thousands) (unaudited)		*(per cent.)*
Interest income	6,120,831	5,066,259	20.8
Interest expense	(3,861,976)	(2,544,146)	51.8
Net interest income before impairment	**2,258,855**	**2,522,113**	(10.4)
Impairment of interest earning assets	(338,925)	(236,695)	43.2
Net interest income	**1,919,930**	**2,285,418**	(16.0)

Interest Income

The following table sets out the principal components of the Bank's consolidated interest income for the six months ended 30 June 2006 and 2005:

	Six months ended 30 June		Variation
	2006	**2005**	**2006/2005**
	(KZT thousands) (unaudited)		*(per cent.)*
Interest on loans	5,372,711	4,710,625	14.1
Interest on securities	496,985	204,272	143.3
Interest on deposits and loans with other banks	251,135	151,362	65.9
Total interest income	**6,120,831**	**5,066,259**	20.8

Interest income increased by 20.8 per cent. or by KZT 1,055 million, from KZT 5,066 million for the six months ended 30 June 2005, to KZT 6,121 million for the six months ended 30 June 2006. This increase was primarily due to the 22.8 per cent. increase in the average balances of the gross loan portfolio from KZT 70,164 million for the six months ended 30 June 2005 to KZT 86,144 million for the six months ended 30 June 2006. This was offset by the drop in interest rates as the average effective interest rate on loans to customers fell from 13.3 per cent. for the six months ended 30 June 2005 to 12.4 per cent. for the six months ended 30 June 2006 to follow the level of rates set by the competitors.

Interest income on securities increased by 143.3 per cent. from KZT 204 million for the six months ended 30 June 2005 to KZT 497 million for the same period in 2006. The increase in income from its securities portfolio resulted from a 854.6 per cent. growth in the average balance of the Bank's financial assets at fair value through profit or loss and a 5.3 per cent. increase in the average balance of its available-for-sale securities during the six months ended 30 June 2006 as compared to the respective average balance during the first six months of 2005. The growth of the Bank's securities portfolio resulted from the delay between the Bank receiving amounts from syndicated loan facilities and Eurobonds and being able to use those amounts to fund the intended increase in the Bank's lending activities. While any remaining funds are waiting to be placed with borrowers, the Bank places them in highly liquid securities with relatively low returns. Therefore, prior to these funds being placed with borrowers, the Bank's total interest income is not as high as it will be following the intended placements. Interest income from funds lent to, and deposited with credit institutions increased by 65.9 per cent. during the six months ended 30 June 2006 compared to the same period in 2005 due to the increased interest rates for KZT and U.S.$ placements with credit institutions resulting in an increase in the average interest rate for the six months ended 30 June 2006 to 5.5 per cent. from 5.0 per cent. for the six months ended 30 June 2005.

Interest Expense

The following table sets out the principal components of the Bank's consolidated interest expense for the six-month periods ended 30 June 2006 and 2005:

	Six months ended 30 June		Variation
	2006	2005	2006/2005
	(KZT thousands) *(unaudited)*		*(per cent.)*
Interest on deposits from customers	(816,102)	(1,096,775)	(25.6)
Interest on deposits and loans from credit institutions	(1,221,059)	(624,420)	95.6
Interest on debt securities	(1,824,815)	(822,951)	121.7
Total interest expense	**(3,861,976)**	**(2,544,146)**	51.8

During the six months ended 30 June 2006, total interest expense increased by 51.8 per cent. or by KZT 1,318 million, from KZT 2,544 million for the six months ended 30 June 2005 to KZT 3,862 million for the six months ended 30 June 2006. The primary reason for the increase in interest expense related to an increase in the Bank's funding from syndicated loans and Eurobonds that were issued in 2006 and 2005. Interest expense on deposits and loans from credit institutions increased from KZT 624 million for the six months ended 30 June 2005 to KZT 1,221 million for the six months ended 30 June 2006, or by 95.6 per cent. Interest expense on debt securities increased from KZT 823 million for the six months ended 30 June 2005 to KZT 1,825 million for the six months ended 30 June 2006, or by 121.7 per cent. Average interest rates on deposits and loans from credit institutions increased in the first six months of 2006 to 8.0 per cent. from 5.6 per cent. during the six months ended 30 June 2005, due to the general increase in floating interest rates on the interbank market based on LIBOR/EURIBOR. Interest expense on debt securities increased due to interest accrued on the Bank's debut Eurobond issued in April 2005 during the six-month period ended 30 June 2005 was only for the period from 26 April to 30 June as compared to full accrual during the six-month period ended 30 June 2006. The increase in interest expense was offset to a certain extent by the drop in interest rates on deposits, as the cost of servicing the Bank's deposit base fell. While the average balance of amounts due to customers remained relatively constant, increasing from KZT 46,073 million during the six-month period ended 30 June 2005 to KZT 48,440 million during the six months ended 30 June 2006, the composition of the Bank's deposit base changed due to a shift to corporate deposits being held on demand (which attract a lower interest rate than time deposits) and due to the withdrawal in January 2006 of a large term deposit. The withdrawal was expected since this depositor represented a temporary customer of the Bank and the one-year deposit matured on 19 January 2006.

Interest Margin

The Bank's overall net interest margin (net interest income before impairment charge as a percentage of average interest-earning assets) decreased from 6.3 per cent. for the six months ended 30 June 2005 to 4.2 per cent. for the six months ended 30 June 2006. This decrease in the overall net interest margin resulted from a combination of increased competition for loan products, particularly in the high-margin retail and SME lending sectors, the high percentage of lower yielding assets in the Bank's total assets (as the Bank increased its liquidity by expanding its securities portfolio and loans and deposits with credit institutions) and the higher interest expense associated with the Bank's Eurobonds and syndicated loans.

The following table sets out the effective average interest rates for the principal interest-bearing assets and liabilities of the Bank for the six-month periods ended 30 June 2006 and 2005:

	Six months ended 30 June	
	2006	2005
	(per cent.)	
Financial assets at fair value through profit or loss	5.0	5.4
Amounts due from credit institutions	5.5	5.0
Available-for-sale securities	6.0	5.6
Loans to customers	12.4	13.3
Amounts due to credit institutions	8.0	5.6
Amounts due to customers	3.4	4.8
Debt securities issued	10.3	9.1

Impairment of Interest-Earning Assets and Other Assets

The impairment of interest-earning assets and other assets was KZT 339 million for the six months ended 30 June 2006, compared to KZT 237 million for the six months ended 30 June 2005. The higher charge for the six months ended 30 June 2006 compared to the respective period in 2005 resulted from the increase in the size of the Bank's loan portfolio. Non-performing loans as a percentage of the total loan portfolio decreased from 2.4 per cent. to 1.8 per cent. as at 31 December 2005 and 30 June 2006, respectively, reflecting an overall increase in the quality of the Bank's loan portfolio.

As a percentage of total gross loans to customers, the allowance for loan losses decreased to 3.2 per cent. as at 30 June 2006, from 3.7 per cent. as at 31 December 2005. Given the Bank's intention to expand its lending activities, particularly within the retail sector and to individual entrepreneurs, the Bank expects that this percentage will increase in 2006.

Non-Interest Income

The following table sets out the principal components of the Bank's consolidated non-interest income for the six months ended 30 June 2006 and 2005:

	Six months ended 30 June		Variation
	2006	2005	2006/2005
	(KZT thousands) (unaudited)		(per cent.)
Gains less losses from financial assets at fair value through profit or loss	(565,393)	11,615	(4,967.8)
Gains less losses from available-for-sale securities	(5,875)	7,317	(180.3)
Gains less losses from foreign currencies:			
— dealing	165,271	341,183	(51.6)
— translation differences	664,138	(381,776)	274.0
Share of income from associates	—	14,016	(100.0)
Insurance underwriting income	98,760	144,016	(31.4)
Insurance underwriting expense	(3,766)	(86,324)	(95.6)
Other income	222,218	45,993	383.2
Total non-interest income	**575,353**	**96,040**	499.1

Total non-interest income increased by 499.1 per cent. or KZT 479 million, to KZT 575 million for the six months ended 30 June 2006 from KZT 96 million for the six months ended 30 June 2005. This increase primarily reflects the increase in translation differences of gains less losses from foreign currencies, and an increase in other income, mainly due to the excess of fair value of acquired net assets over amounts paid arising from the acquisition of JSC APF Atameken and the increase in the ownership interest in JSC Insurance Company Nurpolicy. The decrease in the gains less losses from available-for-sale securities was mainly due to fair value reappraisal of the available-for-sale securities portfolio. The increase in gains less losses from foreign currencies translation differences was mainly due to the Bank's short position in U.S. dollars and Euro dealings in 2006, while the Tenge appreciated against the U.S. dollar from KZT 133.98 per U.S.$1.00 as at 31 December 2005 to KZT 118.69 per U.S.$1.00 as at 30 June 2006. The 4,967.8 per cent. decrease during the six months ended 30 June 2006 compared to the same period in 2005 in gains less losses from financial assets at fair value through profit or loss was primarily due to the downward trend of world market prices of bonds and securities in the Bank's securities portfolio, which decreased significantly.

Fees and Commission Income

The following table sets out the principal components of the Bank's consolidated fee and commission income for the periods indicated:

	Six months ended 30 June		Variation
	2006	**2005**	**2006/2005**
	(KZT thousands) (unaudited)		*(per cent.)*
Cash operations	228,933	136,519	67.7
Letters of credit	152,163	126,677	20.1
Transfer operations	148,207	115,108	28.8
Settlement operations	146,488	83,777	74.9
Purchase — sale of currencies	117,876	93,517	26.0
Guarantees issued	58,458	51,170	14.2
Commissions on pension activity	51,949	22,068	135.4
Other	69,498	18,006	286.0
Total fee and commission income	**973,572**	**646,842**	50.5

For the six months ended 30 June 2006 total fee and commission income increased by 50.5 per cent. or KZT 327 million as compared to the same period in 2005. This increase was primarily due to an increase in cash operations, commissions from settlement operations and due to the increase in commissions on pension activity. Commission income from cash operations increased by 67.7 per cent. and commission income from settlement operations increased by 74.9 per cent. in the six months ended 30 June 2006 due to the increase in cash and settlement operations resulting from opening of new branches in Almaty, Petropavlovsk, Taraz and Uralsk and the resulting increase in the volume of transactions and growth of the Bank's client base. The increase in commission on pension activity of 135.4 per cent. was mainly attributable to the increase in the volume of pension assets managed by the Bank.

Fee and Commission Expense

The following table sets out the principal components of the Bank's consolidated fee and commission expense for the periods indicated:

	Six months ended 30 June		Variation
	2006	**2005**	**2006/2005**
	(KZT thousands) (unaudited)		*(per cent.)*
Letters of credit	(84,948)	(39,993)	112.4
Debit/credit cards	(43,979)	(30,583)	43.8
Transfer operations	(26,695)	(25,790)	3.5
Cash operations	(14,395)	(9,591)	50.1
Guarantees issued	(6,525)	(2,899)	125.1
Securities operations	(4,361)	(5,617)	(22.4)
Other operations	(16,614)	(8,598)	93.2
Total fee and commission expense	**(197,517)**	**(123,071)**	60.5

Total fee and commission expense increased by 60.5 per cent. or by KZT 74 million to KZT 198 million for the six months ended 30 June 2006, as compared to KZT 123 million for the same period in 2005. This increase was largely due to the increase in fees accrued under documentary operations which represented 43.0 per cent. of the Bank's total fee and commission expense for the six months ended 30 June 2006. The increase in documentary transactions was due to more favourable tariffs on documentary services. The increase in fee expenses related to debit/credit cards was due to the increase in expenses resulting from a 13.4 per cent. increase in the number of credit cards issued during the six months ended 30 June 2006 and also due to the growth in the expenses incurred in the installation and maintenance of new ATMs, the number of which increased by 13.7 per cent. during the six months ended 30 June 2006. Fee and commission expense related to other operations increased by 93.2 per cent.

from KZT 9 million for the six months ended 30 June 2005 to KZT 17 million for the six months ended 30 June 2006 primarily reflecting the increased volume of transactions on correspondent accounts following an increase in international borrowings.

Operating Expenses

The following table sets out the principal components of the Bank's consolidated operating expenses for the six months ended 30 June 2006 and 2005:

	Six months ended 30 June		Variation
	2006	2005	2006/2005
	(KZT thousands) (unaudited)		*(per cent.)*
Salaries and bonuses	(803,857)	(698,240)	15.1
Social security costs	(114,860)	(86,403)	32.9
Other payments to employees	(130,086)	(86,368)	50.6
Depreciation and amortization	(216,210)	(147,847)	46.2
Taxes other than income tax	(69,449)	(80,381)	(13.6)
Other provisions/(reversal of provision)	(1,404)	60,273	102.3
Rent	(268,971)	(277,314)	(3.0)
Advertising expenses	(241,557)	(133,185)	81.4
Communication	(78,681)	(71,703)	9.7
Administrative expenses of subsidiaries	(48,204)	(40,839)	18.0
Repair and maintenance	(36,084)	(32,270)	11.8
Transportation	(32,645)	(37,260)	(12.4)
Professional services	(31,633)	(16,255)	94.6
Business trip expenses	(20,640)	(26,512)	(22.1)
Cash collection expenses	(17,540)	(14,032)	25.0
Security	(17,184)	(14,510)	18.4
Insurance of deposits	(16,320)	(10,818)	50.9
Trainings	(14,007)	(8,040)	74.2
Utilities	(12,094)	(10,505)	15.1
Post services	(8,792)	(9,732)	(9.7)
Stationary and office supplies	(7,805)	(9,174)	(14.9)
Loss from property and equipment disposal	(3,960)	(3,063)	29.3
Information technologies services	(3,752)	(1,232)	204.5
Charity	(2,976)	(1,808)	64.6
Fines and penalties	(2,713)	(2,678)	1.3
Other	(102,507)	(197,916)	(48.2)
Total operating expenses	**(2,303,931)**	**(1,957,812)**	17.7

Operating expenses increased by 17.7 per cent. for the six months ended 30 June 2006 as compared to the same period in 2005. This increase was primarily as a result of increases in salaries, bonuses and advertising expenses.

Salaries and bonuses increased in the first half of 2006 to KZT 804 million compared to KZT 698 million for the same period in 2005. The increase in salaries resulted from an increase in the number of personnel following the opening of five additional branches between 30 June 2005 and 30 June 2006, together with a 20 per cent. increase in average salaries for all employees in order to attract and retain professional and skilled labour in an increasingly competitive market.

Other payments to employees increased to KZT 130 million in the first half of 2006 as compared to KZT 86 million for the same period in 2005, reflecting the provision of financial aid by the Bank to its employees in accordance with its benefits policy.

While the Bank managed to reduce or limit the growth of operating expenses in a number of areas throughout 2005 and the first half of 2006, expenses in some areas increased significantly resulting in the overall 17.7 per cent. increase in operating expenses during the six-month period ended 30 June 2006 compared to the respective period in 2005.

Advertising expenses increased as a result of the launch of an advertising campaign in early 2006 promoting a series of new loan products for SMEs, including "Express Credit" and "Shuttle Traders" loans, and a profile raising exercise with the Bank's triangle logo being used in a number of high profile advertising materials.

Information technology and communication expenses grew as a result of hardware/software upgrades of the Bank's internal IT and communication systems, the connection of five additional branches to the Bank's network, the connection of new ATMs, the purchase of database servers and the employment of an additional communication services provider. Expenses on training grew mainly due to education and team building seminars for directors and staff of all branches organised by the Bank. The increase in expenses relating to professional services mainly resulted from customer-relationship related research and consulting services (for the Almaty branch). Expenses on insurance of deposits increased as a result of the increase in the number of retail deposits of the Bank covered by the Kazakh deposit fund.

For the six months ended 30 June 2006, taxes other than income tax decreased by 13.6 per cent. compared to the same period in 2005. This decrease was primarily attributable to a decrease in taxes withheld, due to the increased number of certificates of residency provided by non-resident payees in order to avoid a higher rate of mandatory withholding on payments to persons outside Kazakhstan.

Operating expenses as a percentage of average assets in the first half of 2006 decreased to 3.5 per cent. in comparison with 3.9 per cent. for the corresponding period in 2005. This trend was due to the Bank's budgetary controls over to operating expenses.

Taxation

The statutory corporate tax in Kazakhstan is 30 per cent. For the six-month period ended 30 June 2006, the estimated effective income tax rate was 15.7 per cent. compared to an effective income tax rate of 10.5 per cent. incurred by the Bank for the six-month period ended 30 June 2005. The increase in effective tax rate was mainly due to the growth of non-deductible losses from the revaluation of securities.

Results of Operations for the years ended 31 December 2005 and 2004

Net Interest Income

The following table sets out the principal components of the Bank's consolidated net interest income for the years ended 31 December 2005 and 2004:

	Years ended 31 December		Variation
	2005	**2004**	**2005/2004**
	(KZT thousands) (audited)		*(per cent.)*
Interest income	10,443,871	8,829,915	18.3
Interest expense	(6,284,040)	(3,594,265)	74.8
Net interest income before impairment	**4,159,831**	**5,235,650**	(20.5)
Reversal/(impairment) of interest earning assets	784,352	(1,797,897)	143.6
Net interest income	**4,944,183**	**3,437,753**	43.8

Interest Income

The following table sets out the principal components of the Bank's consolidated interest income for the years ended 31 December 2004 and 2005:

	Years ended 31 December		Variation
	2005	**2004**	**2005/2004**
	(KZT thousands) (audited)		*(per cent.)*
Interest on loans	9,416,402	7,952,949	18.4
Interest on securities	583,150	743,512	(21.6)
Interest on deposits and loans with other banks	444,319	133,454	232.9
Total interest income	**10,443,871**	**8,829,915**	18.3

Interest income increased by 18.3 per cent. or by KZT 1,614 million, from KZT 8,830 million for the year ended 31 December 2004, to KZT 10,444 million for the year ended 31 December 2005. This increase was primarily due to an increase in interest income on loans, which increased by 18.4 per cent. Interest on loans increased due to the growth of the average balances of the gross loan portfolio which grew by 34.4 per cent. during 2005 compared to 2004. Average interest rates on loans remained relatively constant in 2005, with average effective rates equal to 13.2 per cent., compared to 13.5 per cent. in 2004. In addition, there was an increased volume of inter-bank loans placed with resident and non-resident banks, which yielded a significantly higher average effective interest rate in 2005 (5.1 per cent. compared to 1.8 per cent. in 2004), boosting interest income on such loans. The increase in interest income on loans was offset by a 21.6 per cent. decrease in interest income on securities in 2005, compared to 2004. This decrease resulted from the absence of a stable securities portfolio in 2005, with the majority of the purchases of securities in 2005 being made at the end of the year.

Interest Expense

The following table sets out the principal components of the Bank's consolidated interest expense for the years ended 31 December 2005 and 2004:

	Years ended 31 December		Variation
	2005	**2004**	**2005/2004**
	(KZT thousands) *(audited)*		*(per cent.)*
Interest on deposits from customers	(2,071,437)	(1,890,443)	9.6
Interest on deposit and loans from credit institutions	(1,564,282)	(891,129)	75.5
Interest on debt securities	(2,648,321)	(812,693)	225.9
Total interest expense	**(6,284,040)**	**(3,594,265)**	74.8

For the year ended 31 December 2005, interest expense increased by 74.8 per cent. or by KZT 2,690 million, from KZT 3,594 million for the year ended 31 December 2004, to KZT 6,284 million for the year ended 31 December 2005.

The increase in interest expense is a reflection of the growth in volumes of borrowings from credit institutions, increase in customer accounts (due to the increase in individual deposits) and the issue of debt securities (both domestic and international). As the Bank has continued to diversify its funding sources away from customer deposits (which provide a cheaper funding source, but generally negatively impact the Bank's liquidity), its cost of funding has increased. For 2005 and 2004 respectively, the average effective interest rates on customer deposits paid by the Bank were 4.6 per cent. and 4.3 per cent., the average effective rates on amounts due to credit institutions were 6.7 per cent. and 5.0 per cent. and on debt securities issued 9.7 per cent. and 12.0 per cent. for 2005 and 2004, respectively.

Interest Margin

The Bank's overall net interest margin significantly decreased to 4.6 per cent. for the year ended 31 December 2005 from 7.9 per cent. for the year ended 31 December 2004. This decrease was mainly due to the increase of interest expense in the second half of 2005. The higher rate of growth in interest expense compared to interest income during 2005 was due to an increase in liabilities funded by issues of domestic bonds and the attraction of a syndicated loan in the fourth quarter of 2004 in relation to which the interest expense was incurred, and the issue of Eurobonds in April 2005.

The following table sets out the effective average interest rates for the principal categories of the Bank's interest-bearing assets for the years ended 31 December 2005 and 2004:

	Years ended 31 December	
	2005	**2004**
	(per cent.)	
Financial assets as fair value through profit or loss	4.7	2.1
Amounts due from credit institutions	5.1	1.8
Available-for-sale securities	5.7	6.6
Loans to customers	13.2	13.5
Due to credit institutions	6.7	5.0
Customer deposits	4.6	4.3
Debt securities issued	9.7	12.0

The decrease in effective average interest rates on the available-for-sale securities reflects the lower profitability of available-for-sale government securities.

Impairment of Interest-Earning Assets and Other Assets

The impairment of interest earning-assets and other assets decreased from a loss of KZT 1,798 million for the year ended 31 December 2004 to a KZT 784 million gain for the year ended 31 December 2005. This reversal resulted from the collection of a bad debt from a state owned regional electricity supply company (one of the largest non-performing loans in the Bank's loan portfolio in 2005) which had been in bankruptcy. The loan was repaid in full in October 2005.

As a percentage of total loans to customers, the loan impairment allowance was 3.7 per cent. as at 31 December 2005 compared to 4.9 per cent. as at 31 December 2004. This decrease was mainly due to the increase in the quality of the Bank's loan portfolio and the repayment of the loan referred to above.

Non-Interest Income

The following table sets out the principal components of the Bank's consolidated non-interest income for the years ended 31 December 2005 and 2004:

	Years ended 31 December		Variation
	2005	**2004**	**2005/2004**
	(KZT thousands) (audited)		*(per cent.)*
Gains less losses from financial assets at fair value through profit or loss	(29,220)	(39,952)	26.9
Gains less losses from available-for-sale securities	37,151	275,458	(86.5)
Gains less losses from foreign currencies			
—dealing	168,841	(322,755)	152.3
—translation differences	21,405	406,042	(94.7)
Share of income from associates	22,628	8,344	171.2
Insurance underwriting income	247,350	202,196	22.3
Insurance underwriting expense	(112,243)	(168,595)	(33.4)
Other income	62,425	172,185	(63.7)
Total non-interest income	**418,337**	**532,923**	(21.5)

Total non-interest income decreased by 21.5 per cent. or KZT 115 million, to KZT 418 million for the year ended 31 December 2005 from KZT 533 million for the year ended 31 December 2004. This decrease primarily reflects the decrease in gains less losses from available-for-sale securities offset by a gain on foreign currency dealing in 2005 compared to a loss in 2004, although this gain was also offset by a significant reduction in gains on translation differences in 2005 compared to 2004. The decrease in the gains less losses from the available-for-sale securities resulted mainly from dealing losses from sale of government securities. The increase in gains less losses from foreign currencies dealing was mainly due to the high profitability of foreign exchange transactions as well as an increase in the volumes of foreign currency trading, in particular, of U.S.$/KZT trading and also in EUR/KZT and GBP/KZT trading. The decrease in gains less losses from foreign currencies translation differences was mainly due to changes in the U.S.$/KZT exchange rate. As at 31 December 2004, the U.S.$/KZT exchange rate was KZT 130.00 per U.S.$1.00. During 2005, the U.S.$/KZT rate fluctuated between KZT 133.33 and KZT 136.12 per U.S.$1.00.

Fee and Commission Income

The following table sets out the principal components of the Bank's fee and commission income for the years ended 31 December 2005 and 2004:

	Years ended 31 December		Variation
	2005	2004	2005/2004
	(KZT thousands) (audited)		*(per cent.)*
Cash operations	332,954	414,998	(19.8)
Transfer operations	266,329	219,497	21.3
Letters of credit	259,915	316,229	(17.8)
Settlement operations	246,286	147,161	67.4
Purchase — sale of currencies	194,924	194,868	—
Guarantees issued	91,960	185,132	(50.3)
Commission on pension activity	45,564	26,719	70.5
Other	57,768	32,878	75.7
Total fee and commission income	**1,495,700**	**1,537,482**	(2.7)

For the year ended 31 December 2005, total fee and commission income decreased by 2.7 per cent. or KZT 42 million, as compared to the year ended 31 December 2004. This decrease was primarily due to a decrease in commissions received from guarantees and letters of credit issued by the Bank, and a decrease in commission income from cash operations. Income from cash operations decreased by KZT 82 million or 19.8 per cent. from KZT 415 million for 2004 to KZT 333 million for 2005 due to the increase in the volume of credit card usage by corporate clients of the Bank and decreased volume of cash operations performed in cash settlement units. Income from credit card operations increased by 74.5 per cent. from KZT 140 million for the year ended 31 December 2004 to KZT 245 million for the year ended 31 December 2005. Income from transfer operations increased by 21.3 per cent. or KZT 47 million to KZT 266 million in 2005 from KZT 219 million in 2004. This increase was mainly attributable to the increase in customers' activities. Commission income from issued letters of credit and guarantees decreased by KZT 149 million or by 29.8 per cent. from KZT 501 million in 2004 to KZT 352 million in 2005, mainly due to the lower volumes of guarantees issued by the Bank as a result of a shifting of customers' use of letters of credit, and new discounted fees introduced to match those of the Bank's competitors for all documentary instruments (including letters of credit). Income from settlement operations increased by 67.4 per cent. or KZT 99 million to KZT 246 million in 2005 compared to KZT 147 million in 2004. This increase was mainly attributable to the increase in settlement operations performed through correspondent accounts held by the Bank by customers under their export-credit contracts.

Fee and Commission Expense

The following table sets out the principal components of the Bank's fee and commission expense for the years ended 31 December 2005 and 2004:

	Years ended 31 December		Variation
	2005	2004	2005/2004
	(KZT thousands) (audited)		*(per cent.)*
Letters of credit	(181,078)	(209,228)	(13.5)
Debit/credit cards	(72,813)	(79,477)	(8.4)
Transfer operations	(53,880)	(38,515)	39.9
Securities operations	(10,722)	(19,034)	(43.7)
Guarantees issued	(8,893)	(24,604)	(63.9)
Other	(2,179)	(2,103)	3.6
Total fee and commission expense	**(329,565)**	**(372,961)**	(11.6)

For the year ended 31 December 2005, total fee and commission expense decreased by 11.6 per cent., or by KZT 43 million to KZT 330 million, as compared to KZT 373 million for the year ended 31 December 2004. This decrease was largely due to a decrease in the volume of operations including a reduction in the number of guarantees and letters of credit issued, as well as lower fees being charged for documentary transactions, including with correspondent banks.

Operating Expenses

The following table sets out the principal components of the Bank's consolidated operating expenses for the years ended 31 December 2005 and 2004:

	Years ended 31 December		Variation
	2005	2004	2005/2004
	(KZT thousands) *(audited)*		*(per cent.)*
Salaries and bonuses	(1,318,991)	(845,957)	55.9
Social security costs	(175,982)	(132,813)	32.5
Other payments to employees	(204,226)	(148,845)	37.2
Depreciation and amortisation	(342,151)	(252,735)	35.4
Taxes other than income tax	(187,553)	(98,930)	89.6
Loss from revaluation of property and equipment	(10,047)	—	100.0
Other provisions/(reversal of provision)	(8,159)	94,493	108.6
Advertising expenses	(593,248)	(302,563)	96.1
Rent	(583,078)	(450,106)	29.5
Communication	(172,917)	(135,352)	27.8
Professional services	(135,710)	(36,302)	273.8
Transportation	(81,313)	(52,271)	55.6
Repair and maintenance	(77,303)	(49,256)	56.9
Business trip expenses	(56,139)	(50,293)	11.6
Administrative expenses of subsidiaries	(45,265)	(86,282)	(47.5)
Cash collection expenses	(33,827)	(19,301)	75.3
Stationery and office supplies	(33,589)	(28,387)	18.3
Security	(28,835)	(30,523)	(5.5)
Information technologies services	(27,966)	(11,365)	146.1
Insurance of deposits	(26,571)	(21,798)	21.9
Utilities	(24,934)	(13,286)	87.7
Charity	(7,767)	(6,968)	11.5
Loss from property and equipment disposal	(6,423)	—	100.0
Fines and penalties	(2,798)	(53,581)	(94.8)
Other	(167,311)	(209,459)	(20.1)
Total operating expenses	**(4,352,103)**	**(2,941,880)**	47.9

Operating expenses increased by 47.9 per cent. in 2005. This was primarily attributable to increases in salaries and bonuses, rent, advertising expenses and taxes other than income tax.

Salaries and bonuses increased in 2005 to KZT 1,319 million compared to KZT 846 million in 2004. The rise in salaries resulted from a 27.6 per cent. increase in the number of staff employed by the Bank both in branches and in the head office (937 employees as at 31 December 2004 and 1,196 employees as at 31 December 2005), the opening of new branches in 2005 as well as increases in salaries for all banking employees due to increased competition for skilled labour generally in Kazakhstan. The increase in salaries resulted in a 32.5 per cent. increase in social security costs.

Other payments to employees increased by 37.2 per cent. to KZT 204 million for the year ended 31 December 2005 as compared to KZT 149 million for the year ended 31 December 2004, which reflects the Bank's strategy to attract, retain and motivate skilled labour by providing additional benefits, such as the Bank's benefits package (including medical insurance) and training.

Advertising expenses increased as a result of the implementation of the retail business development programme — Maximum Programme, as well as additional expenses for promotion of the products of the Bank in the regions. Rent expense and utilities expenses grew as a result of moving the Bank's remaining departments to a new building in 2005 as well as the increase in rental payments. Growth in communication expenses resulted from the hardware upgrade of the Bank's internal system of communication, the connection of new ATMs, and the employment of an additional communication services provider. Expenses for professional services grew due to the increased volume of management-related consulting services (including research into customer service quality) and advanced training for middle management. Expenses for transportation services increased mainly due to moving the Bank's headquarters to a new building, opening regional directorates and the purchase of additional vehicles. Repair and maintenance expenses mainly related to the Bank's branches in 2005. Expenses on information technology services grew due to the purchase in 2005 of new software and hardware and the upgrading of the existing software base of the Bank. The increase in total operating expenses was partially offset by (i) a decrease in administrative expenses and security expenses for subsidiaries due to an internal policy targeted to optimise expenses and lower rental payments, and (ii) a significantly lower amount of fines and penalties that were paid in 2005 compared to 2004. In 2004, fines and penalties were paid with regards to income tax, fines, transport tax, property tax and VAT accrued between 2000 and 2002 (including deferred tax liabilities).

Advertising expenses were KZT 593 million in 2005, an increase of 96.1 per cent. compared to 2004. The increase resulted from the Bank's aggressive advertising campaign launched by JSC APF Atameken to promote its new name, and the Bank's general marketing expenditure to create a new recognisable brand for the Bank and a more positive perception of its products by its customers.

The increase in taxes other than income tax by 89.6 per cent. from KZT 99 million in 2004 to KZT 188 million in 2005 was due to an increase in the Bank's volume of property and equipment balance, increased general administration costs and an increase in the range of services provided by the Bank that are subject to VAT as well as the expansion of the Bank's branch network.

Operating expenses as a percentage of average assets remained largely at the same level during the year ended 31 December 2005 as compared to the year ended 31 December 2004, amounting to 4.0 per cent. in 2004 compared to 4.1 per cent. in 2005.

Taxation

The Bank's income tax expense was KZT 167 million for the year ended 31 December 2005, as compared to KZT 286 million for the year ended 31 December 2004. The Bank's effective tax rates were 7.7 per cent. and 13.0 per cent. for the years ended 31 December 2005 and 2004, respectively. The reduction in the tax rate for the year 2005 was as a result of the increase in the Bank's investments in non-taxable government securities and tax exempt loans, which are the loans, with a maturity of over three years and issued for the acquisition, construction and maintenance of property.

Financial Condition as at 30 June 2006 and 31 December 2005 and 2004

Total assets

As at 30 June 2006, the Bank's total assets amounted to KZT 141,623 million, an increase of 16.6 per cent. compared to total assets at 31 December 2005. The growth for the first six months of 2006 was primarily attributable to the 28.5 per cent. increase in the Bank's net loan portfolio and a 25.2 per cent. increase in financial assets at fair value through profit or loss.

As at 31 December 2005, the Bank's total assets were KZT 121,482 million, an increase of 35.9 per cent. as compared to KZT 89,390 million as at 31 December 2004. The growth in 2005 was primarily attributable to a placement of funds received from the Eurobond issue in April 2005 resulting in a 477.8 per cent. increase in amounts due from credit institutions, an 8.9 per cent. increase in the net loan portfolio and a 116.0 per cent. increase in cash and cash equivalents, but was mitigated by a slight (11.3 per cent.) decrease in available-for-sale securities.

As at 30 June 2006 the Bank's cash and cash equivalents had decreased to KZT 19,515 million, from KZT 23,060 million as at 31 December 2005, a decrease of 15.4 per cent. This decrease was mainly attributable to the increase in the lending activities of the Bank as a result of which part of the Bank's assets deposited with the NBK, other banks and credit institutions was used to fund lending operations.

As at 31 December 2005, the Bank's cash and cash equivalents balances had increased to KZT 23,060 million, from KZT 10,674 million as at 31 December 2004, an increase of 116.0 per cent. This increase was primarily due to the increase of the Bank's retail deposit base, and the attraction of a number of inter-bank syndicated loans resulting in an increase in cash held by the Bank as such loans had not been on-lent by the Bank as at the balance sheet date. In order to meet its obligations on maintaining certain amounts of money with correspondent accounts, the Bank placed its excess cash with other banks and, as a result, short-term deposits and balances at correspondent accounts increased as compared to 2004. The Bank maintains high levels of cash and balances on correspondent accounts to facilitate its inter bank transactions such as money transfers, documentary and treasury operations and maintain liquidity in line with the Bank's requirements set forth in the Policy of Liquidity Management adopted by the Bank.

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. Due to its status as a primary dealer of Government securities in Kazakhstan, a significant portion of the Bank's total securities portfolio is comprised of Government, Ministry of Finance and NBK securities (35.2 per cent. as at 31 December 2005, compared to 44.4 per cent. as at 31 December 2004). As at 31 December 2005, Eurobonds issued by Kazakh banks as a proportion of the Bank's available-for-sale securities portfolio increased to 36.6 per cent., compared to 29.0 per cent. as at 31 December 2004. The remaining portfolio consists of Tenge denominated bonds issued by Kazakhstan entities, including financial institutions and large corporations.

The Bank's available-for-sale securities portfolio increased by 48.5 per cent. during the six-month period ended 30 June 2006, from KZT 5,276 million as at 31 December 2005, to KZT 7,834 million as at 30 June 2006. This increase represents the necessity to keep sufficient levels of liquidity of the Bank. In order to improve the liquidity and composition of its assets, the Bank increased its holding of corporate bonds by 168.8 per cent. from KZT 787 million as at 31 December 2005 to KZT 2,115 million as at 30 June 2006, and its holding of bonds of Kazakh banks by 310.7 per cent. as at 30 June 2006 compared to 31 December 2005 as well as significantly increasing the Bank's holding of bonds of Kazakh credit institutions, other than banks from KZT 14 million as at 31 December 2005 to KZT 652 million as at 30 June 2006.

The Bank's financial assets at fair value through profit or loss significantly increased to KZT 9,922 million as at 31 December 2005 from KZT 590 million as at 31 December 2004. As at 30 June 2006 the portfolio of financial assets at fair value through profit or loss further increased by KZT 2,502 million from KZT 9,922 million as at 31 December 2005 to KZT 12,424 million as at 30 June 2006. A significant portion of the increase in the portfolio reflects the purchase of treasury bills of OECD governments and Eurobonds of banks and credit institutions. The increase in financial assets at fair value through profit or loss was a result of increased borrowings from syndicated loans and Eurobonds and the decision of the Bank's management to prioritise short-term investment in the securities market.

As at 30 June 2006, the total amount of net outstanding loans and advances to customers (excluding amounts due from the Government, credit institutions and the NBK) was KZT 94,466 million, an increase of 28.5 per cent., as compared to KZT 73,492 million as at 31 December 2005. The increase in the loan portfolio was mainly due to the successful implementation of the Bank's strategy to increase its retail and SME lending.

As at 30 June 2006, intangible assets, less accumulated depreciation of the Bank, had increased from KZT 230 million as at 31 December 2005 to KZT 277 million. Intangible assets increased due to the purchase of new software by the Bank.

Total liabilities

As at 30 June 2006, the Bank's total liabilities were KZT 122,981 million, an increase of 14.5 per cent. as compared to KZT 107,443 million as at 31 December 2005. This increase was mainly due to an increase in customer accounts, amounts due to credit institutions and debt securities issued.

As at 30 June 2006, amounts due to customers were KZT 47,246 million, a slight increase of amounts due to customers from KZT 46,492 million as at 31 December 2005. While the total amount due to customers did not materially increase, the composition of customer accounts changed. As at 30 June 2006, the Bank's customer term deposits decreased by 20.0 per cent. to KZT 26,510 million compared to KZT 33,127 million as at 31 December 2005. This decrease was due to the Bank's continued efforts to diversify its depositor structure. As a result of this policy the deposit concentration of top ten borrowers as at 30 June 2006 dropped to 27.1 per cent. of the total volume of deposits from 39.7 per cent. as at 31 December 2005. As at 31 December 2005, the Bank's customer term deposits decreased by 7.2 per cent. or KZT 2,574 million to KZT 33,127 million as compared to KZT 35,701 million as at 31 December 2004 due to the internal policy of the Bank to diversify the concentration of deposits of the top depositors and due to lower interest rates for deposits in 2005 compared to 2004. As a result, term deposits from legal entities in 2005 decreased by approximately 21.3 per cent. although this trend was offset by the increase in retail customer deposits of 32.4 per cent. in 2005 compared to 2004 due to the launch of the Maximum Programme by the Bank. As at 30 June 2006 accounts of legal entities held on demand increased by 49.3 per cent. to KZT 14,700 million from KZT 9,847 million as at 31 December 2005, while time deposits of customers represented by legal entities decreased by 32.7 per cent. to KZT 13,952 million compared to KZT 20,738 million as at 31 December 2005. The Bank was successful in attracting new deposits on demand, although this success was mitigated by the withdrawal of a large deposit, deposited in 2005 by a temporary client for a 1 year tenor, resulting in the decline in time deposits. Given the rapidly developing state of the economy, in general, corporate customers have started to keep funds on demand to allow opportunistic use of such funds rather than tying them up as term deposits. On the retail side, the Bank managed to attract a significant increase in demand deposits, with demand deposits up 180.2 per cent. as at 30 June 2006 compared to 31 December 2005. Retail time deposits remained relatively constant, growing by 1.4 per cent. As at 31 December 2005, customer accounts held on demand decreased by 7.9 per cent. as compared to KZT 11,702 million as at 31 December 2004. This decrease was mainly attributable to the policy of the Bank to reduce the concentration of corporate clients in the Bank's customer accounts. Amounts due to credit institutions increased by 10.9 per cent. as at 31 December 2005 as compared to 31 December 2004, mainly due to the attraction of a syndicated loan and deposits from banks in OECD based countries. As at 31 December 2005, debt securities issued increased by 336.3 per cent. to KZT 36,154 million as compared to KZT 8,286 million as at 31 December 2004. This increase was attributable to the Bank's debut issue of U.S.$150 million Eurobonds in April 2005.

As at 30 June 2006, net deferred tax liabilities were KZT 277 million compared to KZT 224 million as at 31 December 2005. These differences were primarily due to the increase in investments in subsidiaries in June 2006. Net deferred tax liabilities increased by KZT 195 million as at 31 December 2005 from KZT 28 million as at 31 December 2004 due to the increase of deferred tax assets by KZT 8 million and deferred tax liabilities by KZT 203 million in 2005.

Debt securities issued slightly decreased by 1.9 per cent. from KZT 36,154 million as at 31 December 2005 to KZT 35,453 million as at 30 June 2006. Despite the fact that the Bank placed KZT 1.9 billion of subordinated bonds during the six months ended 30 June 2006, there was a decrease in debt securities as a result of the appreciation of the Tenge against the U.S. dollar by 11.4 per cent. from KZT 133.98 to KZT 118.69 per U.S. dollar as at 31 December 2005 and 30 June 2006, respectively, according to KASE. The appreciation of the Tenge mainly influenced the U.S. dollar denominated Eurobonds issued in April 2005.

The increase in amounts due to credit institutions of 65.5 per cent. during the six months ended 30 June 2006 was mainly a result of the receipt of syndicated loans in January and June of 2006, organised by OECD based banks.

Other liabilities increased by 27.9 per cent. from KZT 1,053 million as at 31 December 2005 to KZT 1,347 million as at 30 June 2006. This increase was mainly attributable to the withholding tax payable following the attraction of syndicated loans and value added tax payable on leasing services provided to one of the Bank's corporate customers.

The increase in other liabilities by KZT 650 million or by 161.2 per cent to KZT 1,053 million as at 31 December 2005 compared to KZT 403 million as at 31 December 2004 was due to the growth of accrued expenses in administrative activities resulting from active advertising campaigns by the Bank during 2005 and due to the increase of accrued lease income of future periods.

Equity and Capital Adequacy Ratios

As at 30 June 2006, the Bank's shareholders' equity had increased by KZT 4,603 million, to KZT 18,642 million, as compared to KZT 14,040 million as at 31 December 2005. This 32.8 per cent. increase was due to the placement of 352,480 common and 35,520 preferred shares by the Bank during the six months ended 30 June 2006. As at 31 December 2005, the Bank's total shareholders' equity increased by 32.9 per cent., to KZT 14,040 million, as compared to KZT 10,560 million as at 31 December 2004. The increase in share capital in 2005 was the result of a placement of 112,000 common shares by the Bank in December 2005.

As at 30 June 2006, the Bank's minority interests related to the shareholders of JSC Insurance Company Nurpolicy ("Nurpolicy") and JSC APF Atameken was KZT 369 million. As at 31 December 2005, the Bank's minority interests related to the shareholders of Nurpolicy was KZT 202 million, compared to KZT 146 million in 2004.

The following table provides certain information in respect of the Bank's Tier I and Tier II capital and its risk weighted capital adequacy ratio, based on IFRS as at 30 June 2006, 31 December 2005 and 31 December 2004, and calculated in accordance with the Basel Accord:

	As at 30 June	**As at 31 December**	
	2006	**2005**	**2004**
	(KZT thousands, except for percentages)		
Tier I capital	16,585,274	11,082,704	10,414,172
Tier II capital	6,479,062	6,371,751	4,600,686
Tier I + Tier II capital (total capital)	23,064,336	17,454,455	15,014,858
Total risk weighted assets	114,744,386	91,038,540	87,036,371
Risk weighted capital adequacy ratio (per cent.)	20.1	19.2	17.3

Using ratios calculated in accordance with the Basel Accord, the Bank had a Tier I capital ratio of 14.5 per cent. as at 30 June 2006 compared to 12.2 per cent. at 31 December 2005, and 12.0 per cent. at 31 December 2004. The Bank's risk weighted capital adequacy ratio (comprising total capital divided by total risk weighted assets) was 20.1 per cent. as at 30 June 2006, 19.2 per cent. as at 31 December 2005, and 17.3 per cent. as at 31 December 2004, which in each case exceeded the minimum ratio of 8.0 per cent. recommended by the Basel Accord.

While the Bank continues to increase its loan portfolio, until such time as it has significantly done so, the Bank's minimum capital ratios will significantly exceed the minimum requirements of the NBK.

Compliance with local prudential norms

As at 30 June 2006, the Bank's total non-consolidated capital, calculated in accordance with FMSA requirements, was KZT 22,669 million, including Tier I capital of KZT 16,477 million, an increase of 29.0 per cent. in comparison with the total capital as at 31 December 2005. As at 31 December 2005, the Bank's total capital, calculated in accordance with the FMSA requirements, was KZT 17,571 million, including Tier I capital of KZT 10,998 million, an increase of 34.4 per cent., as compared to the total capital of KZT 13,072 million as at 31 December 2004.

The following table sets out certain ratios calculated in accordance with the FMSA, based on unconsolidated financial statements as at 30 June 2006, 31 December 2005 and 31 December 2004 regarding capital adequacy, foreign exchange positions, maximum exposures and certain other matters:

	FMSA's minimum requirements	As at 30 June	As at 31 December	
		2006	2005	2004
Share Capital[(1)]	Not less than KZT 2 billion	10,000,000	6,120,000	5,000,000
K1 — Tier I capital to total risk-weighted assets	Not less than 6 per cent.[(3)]	11.5	9.0	9.4
K2 — own capital to total risk-weighted assets	Not less than 12 per cent.[(3)]	16.0	15.4	14.6
K4 — Current Liquidity ratio	Greater than 30 per cent.	138.1	125.4	86.6
K5 — Short-term Liquidity Ratio	Greater than 50 per cent.	141.5	191.9	91.0
K6 — investments in fixed assets and non-financial assets to equity as a percentage of own capital	Not greater than 50 per cent. of the Bank's own capital[(2)]	14.6	18.9	14.3
Maximum aggregate net open foreign currency position	30* per cent. of the Bank's own capital	3.0	10.8	25.9
Maximum net open (short or long) position in currencies of countries rated "A" or higher and the Euro	15** per cent. of the Bank's own capital	1.7	5.2	27.6
Maximum net open (short or long) position in currencies of countries rated below "A"	5 per cent. of the Bank's own capital	0.1	2.2	0.2
Maximum aggregate credit exposure to related parties (including on-balance and off-balance sheet exposures) as a percentage of own capital[(4)]	Not more than 100 per cent. of the Bank's regulatory capital	5.0	6.8	11.1
Funds placement into internal assets ratio		1.6	1.6	1.5
Maximum exposure as a percentage of own capital to any single borrower				
— related parties	Max 10 per cent.	3.9	5.7	5.4
— other borrowers	Max 25 per cent.	16.7	21.6	17.7
— unsecured loans	Max 10 per cent.	5.1	2.5	4.7

* 25 per cent. starting from 1 September 2006.

** 12.5 per cent. starting from 1 September 2006, 30 per cent. as at 31 December 2004.

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 contributing 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 equity investments. Tier I capital is the sum of share capital plus share premium plus retained earnings less intangible assets, and, starting

from 22 November 2005, qualified long-term less debt obligations or Tier I subordinated debt in an amount not exceeding 15 per cent. of Tier I capital. Tier II capital is the sum of current profit for the period plus revaluation reserves plus general provisions (to the extent that they do not exceed 1.25 per cent. of risk-weighted assets) plus Tier II subordinated debt (but no more than 50 per cent. of Tier 1 capital) and, starting from 22 November, 2005, Tier I subordinated debt not included into the calculation of Tier I capital. 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.

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) Under new FMSA regulations K1 and K2 ratios should be not less than 6 per cent. and 12 per cent. respectively, while for commercial banks whose shareholders have the status of bank holding company under the FMSA rules, these ratios should not exceed 5 per cent. and 10 per cent. respectively.

(4) With effect from 22 November 2005, this ratio was eliminated and replaced with the requirement that the aggregate credit exposure to borrowers where each exposure exceeds 10 per cent. of Bank's own capital should not exceed 8 times bank's own capital.

DESCRIPTION OF THE BANK

History

On 3 August 1992, a group of Kazakh shareholders with the support of Atyrau Akimat (a local regional authority) incorporated Joint Stock Bank Nurbank as an open joint stock company operating under the laws of Kazakhstan, for the purpose of facilitating investments into local oil and gas companies located in Western Kazakhstan. The Bank was registered as a commercial bank on 8 September 1993. Following a resolution of the general shareholders' meeting of the Bank, Joint Stock Bank Nurbank was re-registered as Open Joint Stock Company Nurbank on 20 May 1998. In February 1999, the Bank was acquired by JSC MangistauMunaiGas, JSC Sugar Center and others. The Bank is now owned by local companies, private individuals and management. See the Section "Share Capital and Principal Shareholders". On 9 November 2004, the Bank completed its re-registration as a joint stock company in order to comply with the requirements of the Law on Joint-Stock Companies in Kazakhstan dated 13 May 2003 (as amended). The shareholders at the General Meeting of the Bank on 31 December 2005 adopted a new Charter which was agreed with the FMSA on 24 February 2006. Management believes that there has been no material effect on the operations of the Bank as a result of such changes. On 11 April 2006, the FMSA issued the Bank with its current general banking licence (No. 142). In addition, the Bank holds a licence (No. 0401101167) to conduct dealer/broker services.

The Bank is registered with the Ministry of Justice under certificate number N3868-1900-AO. The registered address of the Bank is 168B Zheltoksan Street, Almaty 050013, Republic of Kazakhstan and its telephone number is +7 3272 599 710.

The Bank, when established in 1992, positioned itself as a corporate bank with a focus on major oil and gas industrial companies operating in the Atyrau region. The Bank had its headquarters in Atyrau City in Atyrau oblast, where the majority of oil production companies are located. Since 1996, following the appointment of a new management team, the Bank has expanded its operations to include new customer market sectors, such as the retail and SME sectors. Until 2001, the Bank was the largest regional bank in Kazakhstan.

In 2002, the Bank started the process of relocating its headquarters to Almaty, the financial capital of Kazakhstan. The relocation of the Bank's headquarters was completed in June 2003. The Bank still maintains strong links with Atyrau, which remains its second largest branch.

Overview

In accordance with the laws of Kazakhstan and Article 3 of its Charter, the Bank as a commercial bank is currently authorised to offer a wide range of traditional corporate and retail banking products and services, including: deposit-taking; lending; issuance of letters of credit; funds transfer services; issuance of payment cards and related services; foreign currency exchange; the granting of guarantees; cash operations; trust operations; collection operations; leasing; broker-dealer transactions; clearing operations; and safe-keeping operations. The Group also provides pension fund services and is engaged in certain insurance and asset management activities.

The Bank participates in the financing of government projects, such as: SME lending; local export support and trade finance. The Bank's treasury activities are limited to trading securities for liquidity and asset management purposes. The Bank also participates in the money markets, including operations with the fixed income securities and foreign currency markets in Kazakhstan. The Bank's main international banking operations are primarily payments and cash management, and trade finance.

As at 30 June 2006, based on the financial statements of the Bank and its principal competitors, the Bank, in according to the FMSA was the eighth largest bank in Kazakhstan in terms of equity (KZT 18,642 million) and assets (KZT 141,623 million). The Bank's corporate customers include JSC Arna, the third largest telecommunication company in Kazakhstan; JSC Kazakhstan Kagazy, a paper manufacturing company in Kazakhstan; JSC Atyrau Aue Zholy, a local airline; LLP Agro Center Astana, a producer of agricultural goods; LLP Standard Oil Snab, a pipeline operator; JSC Khabar, a national television channel; JSC Sugar Center, the largest raw sugar supplier in Kazakhstan; LLP Ardager, a flour mill; LLP Lit Asia Ltd, a producer of meat products; and TS Engineering, one of the leading construction companies in Almaty.

As at 30 June 2006, the Bank had approximately 38,200 individual customer accounts and 8,830 accounts of corporate, SME and other legal entities. In 2004, the Bank established its own card processing centre and, as at 30 June 2006, it had issued 137,704 cards, of which 128,760 were VISA Electron cards, 7,267 were Visa Classic cards, 445 were Visa Business cards and 1,232 were Visa Gold cards. Of the total cards issued by the Bank, approximately 30 per cent. are cash-collateralised credit cards, and 20 per cent. are debit cards with an overdraft facility limited to a cardholder's salary.

As at the date of this Prospectus, the Bank, in addition to its headquarters in Almaty, has 15 branches covering most of the primary economic regions of Kazakhstan including Astana, Atyrau, Aktobe, Aktau, Karaganda, Shymkent, Uralsk Pavlodar, Kostanay, Ust-Kamenogorsk, Petropavlovsk, Kokshetau and Taraz, as well as cash settlement units located throughout Kazakhstan. The Bank has a representative office in Moscow, Russia. The Bank anticipates opening two more branches and is expanding the number of its limited cash settlement units to strengthen its position in the key economic and business regions of Kazakhstan by the end of 2006.

In order to expand the range of services it offers, the Bank has created a financial services group, as at 30 June 2006 consisting of four wholly-owned subsidiaries, JSC OMPA Nur-Trust, LLP Leasing Company Nur-Invest, JSC Money Experts, LLP Grand Lombard; one 81.5 per cent. owned subsidiary, JSC Insurance Company Nurpolicy, and one 53.0 per cent. owned subsidiary, JSC APF Atameken.

As the economy of Kazakhstan continues to grow and the private sector expands, the Bank expects a continued strong demand for financing from private sector companies. To meet this demand the banking sector has grown significantly following the NBK's efforts to develop and stabilise the banking system. The FMSA assumed the supervisory authority of the Kazakh banking sector from the NBK on 1 January 2004, although the NBK continues to act as the central bank of Kazakhstan retaining responsibility for the monetary policy of the Government. The division of these regulatory functions was performed for the purpose of strengthening the banking sector by bolstering public confidence in the system.

Strategy

The Bank's strategy is to focus on increasing its SME and retail market shares in strategically important industrial and financial targeted regions of Kazakhstan and to provide sustainable conservative growth of the Bank. The Bank also expects to increase its fee and commission income as a result of its strategy to expand its business into other regions of Kazakhstan and develop its operations. The Bank also intends to expand its customer base, improve the quality of customer service and launch new products in order to meet the demands of its increasingly sophisticated and demanding corporate and retail clients. In addition, the Bank intends to increase revenue derived from its subsidiaries operating in the asset management, brokerage, pensions and insurance industry sectors.

The strategy of the Bank includes the following principal elements:

Expansion of Banking Services in SME and Retail Client Services

- Small and Medium-Sized Corporate Clients. The Bank intends to increase substantially its SME loan portfolio, in terms of both value and number of clients. The Bank plans to attract and retain medium and small corporate clients by providing up-to-date documentary and cash settlement products, cross-selling of retail products to SME employees, such as payroll payment services, credit and debit cards, and commercial mortgages, as well as providing a high level of customer service. The Bank intends to expand its office network and open new branches and cash settlement units in the course of 2006 and 2007. The Bank also plans to launch various advertising campaigns to promote its SME products.

- Retail Clients. The Bank has experienced a significant increase in its retail deposit base over the past several years, although retail banking in Kazakhstan still represents a relatively low percentage of the country's GDP. The Bank intends to increase its retail banking business by:

  - targeting middle-income and high net-worth individuals, a market segment the Bank believes has a considerable demand potential;

  - developing new sales channels, products, packages and discount programmes;

  - increasing mortgage lending, developing term consumer lending, increasing volume and diversifying its card operations; and

  - expanding its deposit base through aggressive advertising campaigns and the introduction of new deposit programmes in combination with cross-selling products.

The Bank considers SME and retail clients as its primary client development strategies and anticipates increasing their share in the total gross loan portfolio of the Bank from its current share of 51.2 per cent. as at 30 June 2006 to 70.0 per cent. by the end of 2007. Management is planning to increase the proportion of retail loans in its loan portfolio to 30.0 per cent. and increase and maintain the level of SMEs in its total loan portfolio up to 40.0 per cent. The remaining share of the total loan portfolio will be represented by loans to large corporate clients.

- Corporate Clients. The Bank plans to expand its lending base to include project finance, commercial mortgage lending, export-import operations and post-financing of export-import operations in its corporate loan portfolio. In the long term, the Bank anticipates this sector to account for 30 per cent. of its total loan portfolio, down from its current share of 48.8 per cent. as at 30 June 2006.

In order to achieve these strategic objectives, the Bank intends to further invest in training and the professional development of its personnel and to enter into quality service agreements with its customers. The Bank has already centralised all back office functions at its headquarters and therefore reduced operational costs and standardised business processes.

Further Development and Increase of Trade Finance Operations

The rapid and continuing economic growth in Kazakhstan has led to significant growth in import and export activity. The Bank intends to increase its volume of trade finance activities, specifically documentary settlements and post-financing of export-import operations for its corporate customers and SME clients in order to support their import and export activities. For this purpose, the Bank plans to maintain and further develop long-term facilities with foreign correspondent banks and export credit agencies in countries with high volumes of Kazakh trade turnover, in particular: Hermes Kreditversicherung; EDC Canada; SACE; EKN; Finnvera; Coface; CESCE; Mehip; Atradius; KUKE; US Exim; and the Export-Import banks of Korea, Malaysia and China. Management believes that the Bank will be able to expand its trade finance business significantly in the medium-term. A positive factor contributing to trade finance business development is the series of local seminars being held by the Bank for companies. These seminars and workshops (including case discussions) are held on an annual basis by the Bank's trade finance team and have resulted in an increase in the amount of trade finance operations for the Bank.

Offering Selective Product Packages to Target Customer Groups

The Bank plans to implement its strategy to expand its SME and retail business through its existing network of branches by offering tailored product packages targeted at specific SME and retail customer groups countrywide. Such product packages will include credit and debit cards, consumer lending, retail and corporate mortgages, term and demand deposits, long-term corporate credits, trade and project finance. The Bank intends to expand its distribution channels by opening and promoting new branches, developing industry oriented regional directorates with local regional directors, introducing internet and mobile banking and upgrading its existing ATM network. The Bank intends to implement this strategy over the next 12 to 18 months in three consequent regional rollouts: first in Almaty, Astana and Aktobe; second in Aktau, Atyrau and Shymkent; and third in Karaganda and Ust-Kamenogorsk.

Diversifying Corporate Customer Base

The Bank plans to further develop its corporate banking services, to focus on diversifying and expanding its loan portfolio by attracting new large and SME corporate clients and to continue the expansion of its trade finance and project finance activities to such clients, while maintaining the high quality of loans within the portfolio. The Bank's primary objective with respect to its lending activities is to diversify into different sectors of the economy in order to reduce its exposure to any particular industry.

Diversifying and Strengthening Funding Base

The Bank expects to improve its funding base by increasing its market share of domestic deposits through its expanding branch and retail unit network, by increasing its borrowing from international banks and development organisations and by accessing the international capital markets through the issuance of unsecured debt instruments. The long-term funding plans of the Bank include the issuance of domestic secured mortgage bonds and further Eurobonds.

Further Development of Credit Card Business

The Bank intends to place significant emphasis on its credit and debit card business. In 2003, the Bank's status with Visa International was upgraded to that of a "Principal Member". The credit and debit card business is a growing area in retail banking sector in Kazakhstan and, as a part of its business development plan, the Bank intends to increase its market share in this sector. As part of its strategy to develop as a full service bank, the Bank intends to focus on improving the quality of card services and increasing the functionality of its debit and credit cards and ATMs to include card-to-card, utility, phone and TV bills payment services, establish mobile phone banking (through SMS and MMS) as well as internet-based home-banking (with customer's personal account access) in order to make credit card account monitoring and transactions more efficient. The Bank will concentrate on marketing its card services alongside other retail products in key target regions in Kazakhstan. In addition, to respond to a growing market demand for various types of credit cards, the Bank became a member of the Master Card system in 2005.

Strengthening Risk Management

The Bank has established internal rules, policies and guidelines for risk management in line with the requirements of FMSA, and, previously, NBK, regulations. The Bank's two credit committees are responsible for credit risks related to corporate and retail clients. The Bank's Assets and Liabilities Management Committee (the "ALCO") is involved in the management of liquidity, maturity, interest rate and foreign exchange risks. In addition, the Bank has strengthened its Risk Department in accordance with NBK recommendations by dividing it into separate departments: the Credit Risks Department, the Financial Risks Department and the Operational Risks Department. All three departments are supervised by the Deputy Chairman of the Management Board of the Bank and are primarily responsible for the development and supervision of the Bank's risk management policies, reporting directly to the Bank's Board of Directors. The Bank intends to continue to develop and strengthen its risk management capabilities and aims to increase its level of capitalisation. The Bank intends to continue its strict lending practices and maintain an adequate level of provisioning. In addition the Bank intends to enhance the structure of its corporate governance.

Enhancing Operational Efficiency

The Bank intends to improve its operational efficiency through organisational restructuring, investment in human resources and increasing the use of and upgrading its information technology base. All of the Bank's branches are integrated into an area wide network allowing for real time communication with the Bank's headquarters. The branches maintain their own databases independent of the headquarters and use an electronic messaging system to connect to the headquarters for data transmission. While the Bank has certain real-time communication capabilities at branch level (including monitoring cash withdrawals and deposits), management believes that further efficiencies can be obtained through the establishment of additional real-time communication, particularly with respect to treasury risk management functions, asset and liability management, liquidity management and monitoring of lending activities. The Bank plans to invest in a more advanced banking information system and to establish a unified computer system connecting all branches on a real-time basis for all aspects of information management. In November 2004, the Bank commenced installation of the Oracle System financial services applications. The Bank intends to continue investing in the completion of the installation of this information system in the short- and medium-term. To ensure continuity of business, the Bank is planning to open a back-up data storage and operations centre in Astana in addition to its off-site data back-up and operations centre in Almaty. The Bank also plans over the medium-term to establish an additional off-site centre in Astana.

The Bank has designed and implemented internal and external training programmes to improve the skills base of its employees. The Bank believes that such training programmes, together with more clearly defined staffing guidelines and human resources policies will improve the quality of the Bank's personnel and thereby its operational efficiency.

Expanding Regional Presence

As part of its growth strategy, the Bank aims to strengthen its presence in the main industrial regions of Kazakhstan. The Bank's policy concerning regional presence and expansion is to afford its customers continuous access to a wide range of up-to-date, high quality banking products and world-class services. As part of this strategy and following the expansion of its customers' businesses in Russia, the Bank opened a representative office in Moscow in February 2004. The Bank through market research will monitor Russian demand to determine the need to open an operating branch or a subsidiary in Moscow. As at the date of this Prospectus, the Bank has no immediate plans to expand elsewhere outside Kazakhstan.

Principal Business Activities

To streamline its banking operations and increase management efficiencies within the Bank, the Bank's activities are divided into the two principal front-office banking departments and divisions:

- Corporate Banking Department, providing corporate and international banking services, investment advisory and financial consulting services; and
- Business Development Department, focusing on servicing SMEs and concentrating on services to retail customers.

These core groups are supported by the following departments and units of the Bank: the Main Operations Department, the Treasury Department, the Financial Risks Department, the Credit Risks Department, the

Operational Risks Department, the Collateral Department and Bad Debt Department, the Internal Control Department, the Credit Administration Department, the Accounting and Bookkeeping Department, the Legal Department, the Information Technology Department, the Human Resources Department, the International Department, the Bank Cards Department, Strategic and Budget Planning Department, Internal Security Department, Banking Technologies Department, Contact Centre (call centre) and the Investment Banking Department.

Corporate Banking

When first established in 1993, the Bank focused on corporate and trade finance for large industrial and trading companies in West Kazakhstan. Since then, the Bank has expanded its presence in the SME segment throughout Kazakhstan.

A major part of the Bank's activity in the corporate sector consists of trade finance and short- to medium-term credit facilities, mostly in Tenge and U.S. dollars, including letters of credit, guarantees and working capital facilities. The total amount of credit-related commitments as at 31 December 2005 amounted to KZT 25,234 million of which 50.5 per cent. (KZT 12,751 million) were commitments to extend credit. As at 30 June 2006, the total amount of letters of credit and guarantees (including those issued within customers' existing credit lines and those backed by cash collateral) had reached KZT 22,908 million (approximately 24.3 per cent. of the Bank's net loan portfolio).

As at 31 December 2005, the Bank had approximately 1,000 corporate accounts, and lending to corporate clients represented approximately 50.3 per cent. of the Bank's total assets and 80.1 per cent. of the Bank's gross loan portfolio. As at 31 December 2005, based on information provided by the NBK, the Bank's share of the corporate lending market in Kazakhstan remained at approximately 4 to 5 per cent. The Bank offers a wide range of trade finance products such as pre-export and import financing, factoring, forfeiting and promissory notes and bills of exchange operations. In addition to lending, the Bank offers a wide range of banking products and services to its corporate clients, which include deposit taking and payroll management operations.

The Bank collaborates with various export credit agencies, such as Hermes Kreditversicherung, SACE, EKN, Finnvera, Coface, CESCE, Mehib, Atmaradius, KUKE and the export import banks of the USA, Korea, Malaysia and China. The Bank offers various banking products to its corporate customers with the benefit of guarantees from such agencies.

Through an extensive network of correspondent banks, the Bank conducts transactions throughout the world. Among such correspondent banks are international banks such as HSBC Plc, ING Bank, ABN AMRO Bank N.V., Dresdner Bank A.G., Citibank N.A., UBS A.G., Deutsche Bank A.G., JPMorgan Chase N.Y., Wachovia, Unicredit Group, CIS banks such as CJSC Moscow International Bank, OJSC Savings Bank of Russian Federation (Sberbank) and local Kazakhstan banks such as BankTuranAlem and Halyk Bank. These correspondent relationships enable the Bank to make payment transfers for its clients to almost any country worldwide. Dresdner Bank A.G., ING Bank N.V., Citibank N.A., UBS A.G. and other banks have provided the Bank with credit lines for various documentary transactions. As at 30 June 2006, the total value of credit lines and lines for insurance coverage of foreign trade deals opened in favour of the Bank, by such banks and Export Credit Agencies amounted to approximately U.S.$568 million, granted by roughly 106 financial institutions.

The Bank currently classifies its corporate clients based on annual turnover. Corporate clients with annual sales of less than U.S.$5 million are classified as "small- and medium-sized" and other corporate clients as "large" corporate clients. The Bank also participates in the financing of government projects, such as SME development and local export support. For instance, the Bank provides financing to small- and medium-sized companies producing cotton, which are actively supported by the local government in Southern Kazakhstan. As part of its medium-term strategy plans, the Bank intends to expand its SME banking presence significantly in other targeted regions of Kazakhstan where the mining industry, communication and semi-finished production sectors are growing.

The Bank is planning to expand its activity to new segments that are not yet well served by its competitors. It is planning to introduce an "Express Loans" programme targeting "shuttle traders". This programme will maintain the high standard of verification of clients but will have a simplified procedure for reviewing loan applications for borrowers using real estate as collateral.

Retail Banking

In 2001, the retail banking market in Kazakhstan experienced considerable expansion following the introduction of the Deposit Insurance Fund, of which the Bank became a member in December 2002.

Following the expansion of the retail banking market and relocation of the Bank's headquarters to Almaty in 2002, management has recognised the retail banking market as an important source of business. On the basis of the retail business development programme established in 2003, the Bank aggressively entered the market. As at the end of 2005 the Bank held roughly 2.5 to 3.0 per cent. of the retail banking market according to the NBK.

The Bank has a Retail Banking Department and it has identified prime target groups for marketing its retail banking services. As part of this strategy, the Bank targets high net worth and middle income individuals, primarily from the management and employees of the Bank's existing corporate clients. The Bank offers these clients a range of retail banking services and products, including traditional services, such as deposit taking and consumer lending (primarily mortgages and car loans), as well as more sophisticated products and services, such as safe custody services, insurance products and credit and debit cards with special attention being paid to the quality of service in all areas. As at 30 June 2006, total gross consumer loans were KZT 17,192 million, compared to KZT 15,158 million as at 31 December 2005, which represented 17.6 per cent. of the gross loan portfolio of the Bank as at 30 June 2006 compared to 19.9 per cent. as at 31 December 2005. In addition, the Bank offers its retail customers travellers cheques issued by American Express.

Management believes that its network of branches and cash settlement units will allow the Bank to expand its retail customer base. As at 30 June 2006, the Bank held KZT 15,140 million of retail deposits (KZT 5,385 million of which were guaranteed by the state Deposit Guarantee Fund), the majority (approximately 82.9 per cent.) being term deposits with the remainder being current accounts as at the same date. The Bank held 38,224 retail current accounts as well as 7,006 accounts for term deposits opened by individuals. In 2005, the Bank launched its ''Nur Express'' payment system. This system is designed for money transfers throughout Kazakhstan by individuals in Tenge. The transfer fee is 1.0 per cent. of the transferred amount. The system allows the recipient to receive the funds immediately at any of the Bank's branches located throughout the country.

In line with its objective of focusing on servicing SMEs, the Bank plans to increase the number of its SME segment clients by maintaining its existing client base and attracting new customers by offering:

- better products with higher interest rates on deposits than its competitors, such as the Maximum Popular deposit which combines the characteristics of both a deposit and a personal account;
- the highest quality of services achieved as a result of customer relations management research performed by the Bank and the gradual introduction of automated services rendered in all branches and call centres; and
- simplified lending procedures based on the newest scoring systems introduced by the Bank, and automatic monitoring of clients' indebtedness.

To meet the above goals, the Bank has created regional directorates to improve services provided to the SME in the regions of Kazakhstan. The Bank is also planning to launch the ''Golden Tandem'' advertising campaign emphasising the successful collaboration between the Bank and its clients.

In 2005, the Bank continued the promotion of its product line under the brand ''Maximum Programme'' which is targeted at the retail customer segment. This programme comprises several deposit products, such as Maximum Popular (this deposit programme allows for money withdrawal at any time without losing monthly accrued interest), Maximum Pensionary (a deposit programme targeted at pensioners), Maximum Prestige (for deposits of more than the equivalent of U.S.$1,000), Maximum Plus (deposits with a term of 37 months which have a fixed interest rate for the first 18 months and a floating rate thereafter), Maximum Salary (for depositors who are already customers of the Bank under salary project) and Maximum Bobek (this deposit is opened by parents on behalf of their children and has the longest term of all deposits of up to five years). The Maximum Programme is based on the segmentation of retail customer groups depending on their age, employment and income level. In addition, complementary banking products, such as Visa Electron, Visa Classic and Visa Gold cards are provided with some of the deposit products under the Maximum Programme.

In 2003, the Bank became a Principal Member of the VISA International system and in 2004 launched its own processing centre. The Bank offers the following types of credit cards to its retail customers: VISA Electron, Classic, Business and Gold, as well as, for high worth individuals. American Express Platinum cards (although this service is in its early stages). As at 30 June 2006, the Bank had issued 137,704 credit cards, of which 128,760 are VISA Electron cards, 7,267 are Visa Classic, 1,232 are Visa Gold and 445 are Visa Business cards.

In 2003, the Bank launched active advertising campaigns to promote its retail products. The Bank followed this up by successfully launching an advertising campaign for the Maximum Programme in 2004. In 2005, the Bank spent roughly 60 per cent. of its advertising budget on retail campaigns. This was a reduction from 2004 when advertising expenditure was 70 per cent. This decrease in advertising expenditure is due to the efficiency of the aggressive advertising in 2003 and 2004. The Bank intends to continue to significantly invest in retail banking advertising in the short to medium-term to increase its share of the mass retail customer market.

As at 30 June 2006, the Bank had 153 ATMs located throughout Kazakhstan including in Almaty, Astana, Atyrau, Aktau, Aktobe Kostanay, Pavlodar, Taraz and Karaganda and is in the process of installing a further 50 ATMs. The Bank is planning to increase the amount of ATMs to 200 by the end of 2006. In addition, if the Bank achieves this aim of joining Master Card World as a Principal Member in 2006, it will increase the number of trade and service enterprises connected to it through POS-terminals to 591 units.

In June 2002, the Bank, to increase its share of the retail banking market, became a participating member of the Western Union payment system for international money transfers within Central Asia and Kazakhstan.

Investment Banking

Kazakhstan's capital markets are gradually developing as the economy grows. An important factor in this was the establishment in 1998 of domestic private pension funds and asset management companies after the earlier establishment of a Stock Exchange and Central Depositary.

The Bank has been active as a broker/dealer on the Kazakhstan securities market since November 1995. In 1997, the Bank was granted the status of a "Primary Dealer" for government securities, providing a wide range of services to corporate and retail clients wishing to invest in government securities.

To further enhance its investment banking services, the Bank established its Investment Banking Department. This department provides a broad range of investment banking services including investment advisory and financial consulting, market research, and mergers and acquisitions and structuring advice. The Bank usually participates in local placements of local municipal bonds as the financial adviser and sole or joint lead manager. In 2003, the Bank was appointed as the financial adviser and sole lead manager for the issue of municipal bonds by the Western Kazakhstan region.

Pension Fund Services

The provision of pension fund services is a growing business in Kazakhstan as a result of Government reform of this area in 1998 introducing private pension funds. There are currently seven asset management companies and fourteen private pension funds in Kazakhstan. The Bank plans to increase revenues generated from the pension fund services area. As at 30 June 2006, the Bank was holding a 53.0 per cent. in equity share interest in JSC APF Atameken (formerly JSC Narodny Pension Fund) and owns 100.0 per cent. of the share capital of JSC OMPA Nur-Trust. See "— Subsidiaries". The Bank in its short- to medium-term strategy views such services as complementary to its principal banking activities.

Insurance Activities

The insurance market is developing rapidly in Kazakhstan following enhanced regulatory supervision and general economic development in Kazakhstan. According to the FMSA, there were 39 insurance (reinsurance) companies operating in Kazakhstan as at 1 July 2006, with total capital estimated at approximately KZT 57.1 billion.

The Bank offers a broad range of non-life insurance products through its 81.5 per cent. owned company, Nurpolicy. According to information published by the FMSA, as at 30 June 2006, this company was ranked 28th out of 39 insurance companies by net premium income. Nurpolicy reinsures its liabilities with various international insurance organisations. The Bank is focused on furthering its penetration of the insurance market in the short- and medium-term. Nurpolicy intends to obtain all necessary regulatory permits and licences to expand the range of products on offer such as life insurance, and other insurance products. For the six months ended 30 June 2006, the amount of insurance premium accumulated through life insurance by the insurance companies in Kazakhstan increased almost threefold compared to the same period in 2005.

Branch Operations

As at 30 June 2006, the Bank's branch network, in addition to its headquarters, comprised of 15 branches, 22 cash settlement units, which are located throughout Kazakhstan and which are expected to be converted into new branches or units of existing branches by the end of 2006 as required by new banking legislation. The operations of each branch are subject to its own internal regulations approved by the Board of Directors of the Bank and are also monitored by the Bank's headquarters. Each branch provides a broad range of banking services. In comparison to branches, cash settlement units provide a limited number of banking services such as utility payments, cash withdrawals and money transfers, and are mainly for retail customers.

Each branch has a specific lending limit set by the Principal Credit Committee which cannot exceed U.S.$500,000 for any single retail borrower. Head office is represented on any meeting of the credit committee of a branch by a special risk management officer who is a member of the Principal Credit Committee. All loans that are extended by the branches to related parties are first reviewed by the Principal Credit Committee. Lending to corporate borrowers is considered by the field group of the Principal Credit Committee. The aggregate lending limit of an individual branch is restricted by reference to its total deposit base. Each branch can perform an independent appraisal of real estate and vehicles that are proposed as collateral. Other more complicated forms of collateral are appraised by the head office. The Business Development Department co-ordinates and plans the operations of the branches and monitors their operations and financial results, and is also responsible for the development of branch policies and expansion strategies.

Technology

The Bank operates an integrated banking system between its headquarters and branches and has a unified same-day payment system, which allows for on-line interactive communication between the headquarters of the Bank and its branches throughout the entire branch network. For retail customers' outgoing wire transfers, the Bank utilises the Western Union's FSI Global System. At the customer's request the Bank may also provide X 400 or Sprint mail services. In addition, branches maintain their own databases, independent of the mainframe at the headquarters, and data is transmitted electronically to the headquarters where consolidated accounts are prepared. In November 2004, the Bank commenced installation of Oracle System financial services applications. The Bank intends to continue to invest in the completion of the installation of this information system in the short- and medium-term. In 2003, the Bank completed a successful transition to Integrated Banking System software, designed by the Centre of Financial Technologies. This system allows employees to work more effectively, enabling them to offer a wider range of services to the Bank's customers. As at the date of this Prospectus, the Bank is one of the few banks in Kazakhstan that has obtained Certificate of Compliance to International Banking Information Technology Standards issued by the NBK. Use of an up-to-date communications system enables the Bank to execute payments through reliable and secure channels, pooling all of its branches, departments and divisions into a unified corporate network and ensuring information exchange with the Bank's headquarters. While the Bank has certain real-time communication capabilities at branch level, management believes that inefficiencies and technical capability issues may arise in the absence of further real-time communication with the branches, particularly with respect to treasury risk management functions, asset and liability management, liquidity management and monitoring of lending activities. In order to address these problems, the Bank plans to invest in a more advanced banking information system and to establish a unified computer system to provide comprehensive real-time, interactive communication between the branches and the headquarters.

Competition

As at 30 June 2006, there were 34 commercial banks, excluding the NBK and the DBK, operating in Kazakhstan. The commercial banks can be divided into four groups: (i) large domestic banks, namely JSC Kazkommertsbank, JSC Halyk Bank and JSC Bank TuranAlem; (ii) foreign owned or controlled banks, known as banks with foreign participation, such as ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Kazakhstan; (iii) medium-sized domestic banks, such as JSC Alliance Bank, JSC Bank CenterCredit, JSC ATF Bank, JSC Bank Caspian and the Bank; and (iv) various small regional banks.

The banking system in Kazakhstan is dominated by the three large domestic banks, JSC Kazkommertsbank, JSC Halyk Bank and JSC Bank TuranAlem, and given the Bank's position as the eighth largest bank in Kazakhstan in terms of assets according to published financial statements of the Bank and its competitors, it faces significant competition from these banks. In general, the Bank considers JSC Bank CenterCredit, JSC Alliance Bank, JSC ATF Bank and JSC Bank Caspian as its principal competitors in the retail and SME customer markets due to their historically significant market shares in these customer segments. In addition, the Bank views some of the banks with foreign participation as competitors, primarily ABN AMRO Bank Kazakhstan and Citibank Kazakhstan, as their international experience and low cost funding allow them to attract large domestic and foreign corporate customers with a presence in Kazakhstan. Management believes that the Bank faces materially less competition from other medium-sized and small domestic banks due to the Bank's strong customer base, good reputation in the market, a wide network of branches and sub-branches, increasing quality of service and a recognisable brand.

The following table sets out certain financial information relating to the Bank, several other domestic banks and banks with foreign participation:

	As at 30 June 2006	
	Assets	**Shareholders' Equity**
	(KZT millions)	
Large Domestic Banks		
JSC Kazkommertsbank[(1)]	1,165,984	87,022
JSC Bank TuranAlem[(1)]	1,145,928	122,427
JSC Halyk Bank[(1)]	762,654	67,543
Medium-sized Domestic Banks		
JSC Alliance Bank[(1)]	524,681	37,155
JSC ATF Bank[(1)]	462,200	36,465
JSC Bank CenterCredit[(1)]	410,625	28,860
JSC Bank Caspian[(1)]	170,056	13,995
JSC Nurbank[(2)]	141,623	18,642
Banks with Foreign Participation		
Citibank Kazakhstan[(1)]	72,847	6,285
ABN AMRO Bank Kazakhstan[(1)]	106,321	8,435
HSBC Kazakhstan[(1)]	40,148	5,849

(1) Source: FMSA.

(2) Source: Interim Financial Statements

In 2001, the Government and a number of local executive bodies founded the DBK. The purpose of the DBK is to provide medium- and long-term financing for large (at least U.S.$5 million) industrial projects, export financing, guarantees for investment projects and to act as principal paying and collection agent for the Government. The DBK is restricted from lending to financial institutions and taking deposits and, as such, is not considered a competitor of the commercial banks in Kazakhstan, including the Bank.

Subsidiaries

As at 30 June 2006, the Bank had four wholly-owned subsidiaries: JSC OMPA Nur-Trust, LLP Leasing Company Nur-Invest, JSC Money Experts, LLP Grand Lombard; an 81.5 per cent. owned company, JSC Insurance Company Nurpolicy; and a 53.0 per cent. owned subsidiary, JSC APF Atameken.

JSC OMPA Nur-Trust

JSC OMPA Nur-Trust is a wholly-owned subsidiary of the Bank, established on 13 July 2001. As at 30 June 2006, the shareholders' equity of JSC OMPA Nur-Trust was KZT 309.5 million and its assets amounted to KZT 307.7 million.

JSC OMPA Nur-Trust holds pension asset investment management licence No. 01412200214 issued on 11 March 2005 and its principal business activities include investment management of the assets of private pension funds. The registered address of JSC OMPA Nur-Trust is 173 Zheltoksan Street, Almaty, Kazakhstan.

LLP Leasing Company Nur-Invest

LLP Leasing Company Nur-Invest was established on 23 July 2001 as a wholly-owned subsidiary of the Bank. The company provides financial expertise and leasing services to various corporate clients. As at 30 June 2006, the shareholders' equity of LLP Leasing Company Nur-Invest was KZT 349.5 million, and its assets amounted to KZT 1,664.1 million. The registered address of LLP Leasing Company Nur-Invest is 173 Zheltoksan Street, Almaty, Kazakhstan.

JSC Money Experts

LLP Money Experts was established on 21 March 2002 as a wholly-owned subsidiary of the Bank. Following the requirements of the law on Joint Stock Companies, on 1 September 2003 it was re-registered as a joint-stock company, JSC Money Experts.

As at 30 June 2006, JSC Money Experts has shareholders' equity of KZT 109.3 million and total assets of KZT 125.7 million. For the year ended 31 December 2005 JSC Money Experts did not pay any dividends. JSC Money Experts offers a wide range of brokerage products, including investment portfolio management.

JSC Money Experts holds a state brokerage licence No. 0401200555 re-issued in December 2003 and portfolio investment management licence No. 0403200157 issued on 24 May 2004. The registered address of JSC Money Experts is 173 Zheltoksan Street, Almaty 050013, Kazakhstan.

LLP Grand Lombard

LLP Grand Lombard was established on 19 November 1999 as a wholly-owned subsidiary of the Bank. This company provides a wide range of services including short-term retail lending, purchase, pawn-broking services and safe-keeping operations. As at 30 June 2006, it had shareholders' equity of KZT 26.0 million, and total assets of KZT 44.1 million.

LLP Grand Lombard holds licence No. 4430-1900-TOO issued on 20 December 2001 for banking operations in Tenge, including safekeeping, pawn operations and other operations.

The registered address of LLP Grand Lombard is apt 1, building 80, Samal 2, Almaty, Kazakhstan.

JSC Insurance Company Nurpolicy

JSC Nurpolicy was established on 24 December 1999. As at 30 June 2006, the Bank held an 81.5 per cent. share in JSC Nurpolicy. The remainder is held by JSC Alma TV (9.5 per cent.) and LLP Telemedia Reklama (9.0 per cent.).

JSC Nurpolicy provides a range of property and personal accident insurance products and is based in Almaty. As at 30 June 2006 the total assets of JSC Nurpolicy were KZT 672.2 million and its shareholders' equity was KZT 469.0 million.

JSC Nurpolicy holds a voluntary insurance licence No. DOS 34-8/1 and obligatory insurance license No. OS 34-8/1 issued on 10 October 2005. The registered address of JSC Insurance Company Nurpolicy is Building 4, Samal 1 Micro District, Almaty, Kazakhstan.

JSC APF Atameken

JSC APF Atameken was established as a CJSC Narodny Pension Fund on 7 August 1997 and re-registered as Joint Stock Company Narodny Pension Fund on 24 November 2003. The change of name from JSC Narodny Pension Fund to JSC APF Atameken occurred in February 2005. The purpose of the change was to create a recognisable name for the Bank's pension fund. The old name was often confused by the customers with the names of Narodny Pension Fund (owned by JSC HalykBank) and the State Accumulative Pension Fund. In 2005, the Atameken Fund launched a major advertising campaign to promote its new name.

As at 30 June 2006, the Bank held a 53.0 per cent. interest in JSC APF Atameken share capital. JSC APF Atameken is a non-state pension fund established to attract pension contributions and to make pension payments. As at 30 June 2006, the shareholders' equity of JSC APF Atameken was KZT 599.9 million and its total assets amounted to KZT 623.5 million.

The registered address of JSC APF Atameken is 71 Torekulova Street, Almaty, Kazakhstan.

Employees

As at 30 June 2006, the Group employed 1,296 full-time employees as compared to 1,196 as at 31 December 2005. Currently, there are no labour unions representing any employees of the Group. The Group has never experienced any industrial action or other work stoppages resulting from labour disputes. The average age of Group employees is 30 years and 70 per cent. of the employees in professional positions hold university degrees. A number of key employees of the Bank have been trained at the Bank's main correspondent banks including Bank Gesellschaft Berlin A.G. and Commerzbank A.G.

Property

The Bank's legal address is 168B, Zheltoksan Street, 050013, Almaty, Kazakhstan, however it leases rooms for the head office in the business center Ken Dala at 38, Dostyk Avenue, 050010, Almaty, Kazakhstan.

The Bank owns buildings in Almaty, Aktau, Aktobe, Astana and Uralsk. The Bank leases offices used by its other branches, cash settlement units.

Legal Proceedings

Neither the Bank nor any of its subsidiaries is party to any legal proceedings which could have a material impact on the Bank's results of operations, financial condition and prospects and there are no legal proceedings pending or, to the knowledge of the Bank, threatened, which could have a material impact on the Bank's results of operations, financial condition and prospects with respect to the properties, assets or operations of the Bank or any of its subsidiaries and associate companies.

Asset, Liability and Risk Management

Introduction

The Bank's operations are subject to various risks, including risks relating to changes in interest rates and foreign exchange rates, reduced liquidity and deterioration in the credit quality of its loan and securities portfolios. The Bank monitors and manages its interest rate and exchange rate exposure and credit quality in order to minimise the effect that changes in these factors will have in the Bank's financial situation.

Asset, Liability and Risk Management

The Assets and Liabilities Management Committee (''ALCO'') was created as an integral part of the Bank to monitor and manage the overall asset and liability position of the Bank. The ALCO reports to the Management Board. This committee takes strategic decisions, with regards to changes in the structure of the portfolio, and the attraction and placement of resources, based on the results of analysis and forecasting of the Bank's activities.

The ALCO is headed by the First Deputy Chairman of the Management Board and is comprised of the Bank's Deputy Chairmen, Managing Director, Managing Director — Head of the International Department, the Head of the Treasury Department, the Head of the Strategic and Budget Planning Department, the Head of the Financial Risks Department and the Head of the Asset and Liabilities Management Division. The ALCO meets on a weekly basis to review the Bank's asset and liability position based on information provided by the Asset and Liabilities Management Division, the Financial Risks Department and the Treasury Department on various matters, including maturities, interest rates and yields, the size and maturity of the Bank's loan portfolio, demand and term deposits and investments, the Bank's net foreign currency position, the Bank's compliance with operational ratios established by the NBK and the FMSA, exchange rates, inflation rates and other economic data, and general national and international, political and economic trends. The ALCO makes decisions on the overall funding structure of the Bank and use of its financial resources.

The Bank conducts its risk management at several levels, depending upon the amount of risk involved. In 2005, the Bank restructured the Risks Department and created separate departments which are responsible for devising, implementing and monitoring the Bank's risk management policies. These are:

- The Financial Risks Department, which is responsible for evaluation and mitigation of financial risks faced by the Bank in the process of assets and liabilities management. The Financial Risks Department closely interacts with the ALCO and other departments of the Bank.

- The Credit Risks Department, which is responsible for evaluation and mitigation of the credit risks of the Bank. The Credit Risks Department is responsible for setting credit limits in relation to a single borrower or a group of borrowers' exposure, and single industry or regional exposures. These limits are reviewed once every six months. The Credit Risks Department regularly monitors compliance with the established limits. In addition, the Credit Risks Department analyses national macro- and micro-economic results and the development of industry segments in order to determine or adjust certain limits established on amounts, tenors, interest rates, and the amount and quality of collateral.

- The Operational Risks Department is responsible for the evaluation and mitigation of the operational risks of the Bank, which, among others include legal and regulatory risks.

Maturities

The following tables set out a breakdown of the Bank's assets and liabilities by maturity as at 30 June 2006, 31 December 2005 and contain certain information regarding the liquidity risk faced by the Bank. Liquidity risk refers to the lack of availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they fall due. See also "— Funding and Liquidity".

	As at 30 June 2006						
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
				(KZT thousands) (unaudited)			
Assets:							
Cash and cash equivalents	18,456,525	1,000,417	58,349	—	—	—	19,515,291
Obligatory reserves	—	—	—	—	1,104,163	—	1,104,163
Financial assets at fair value through profit or loss	12,424,058	—	—	—	—	—	12,424,058
Amounts due from credit institutions	142,903	704,283	57,041	471,534	161,982	—	1,537,743
Available-for-sale securities	7,833,577	—	—	—	—	—	7,833,577
Loans to customers	—	8,131,874	5,994,075	26,862,924	46,097,300	10,542,324	97,628,497
Reserves for insurance claims, reinsurance share	—	—	—	16,275	—	—	16,275
Other assets	—	688,061	321,951	374,608	28,137	12,633	1,425,390
	38,857,063	**10,524,635**	**6,431,416**	**27,725,341**	**47,391,582**	**10,554,957**	**141,484,994**
Liabilities:							
Due to the Government	—	74	—	6,195	47,979	—	54,248
Due to credit institutions	78,114	797,639	4,424,405	12,083,420	20,936,062	—	38,319,640
Due to customers	16,944,827	2,629,003	1,918,126	15,966,926	9,758,023	28,671	47,245,576
Debt securities issued	—	—	—	4,318,318	29,431,595	1,702,807	35,452,720
Reserves for insurance claims	27,102	—	—	172,740	—	—	199,842
Tax liabilities	276,812	—	—	—	—	—	276,812
Other liabilities	667	626,239	219,019	326,951	173,950	—	1,346,826
	17,327,522	**4,052,955**	**6,561,550**	**32,874,550**	**60,347,609**	**1,731,478**	**122,895,664**
Net balance sheet position	21,529,541	6,471,680	(130,134)	(5,149,209)	(12,956,027)	8,823,479	18,589,330
Accumulated gap	**21,529,541**	**28,001,221**	**27,871,087**	**22,721,878**	**9,765,851**	**18,589,330**	

	As at 31 December 2005						
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
				(KZT thousands) *(audited)*			
Assets:							
Cash and cash equivalents	17,020,890	5,836,352	22,000	181,000	—	—	23,060,242
Obligatory reserves	—	—	—	—	1,344,789	—	1,344,789
Financial assets at fair value through profit or loss	9,921,757	—	—	—	—	—	9,921,757
Amounts due from credit institutions	437,768	1,122,678	1,897,541	95,393	200,000	135,370	3,888,750
Available-for-sale securities	5,276,421	—	—	—	—	—	5,276,421
Loans to customers	—	7,150,049	5,368,539	18,799,247	34,673,097	10,332,405	76,323,337
Investments in associates	—	—	—	—	—	131,478	131,478
Reserves for insurance claims, reinsurance share	—	—	25,538	—	—	—	25,538
Other assets	—	623,032	275,618	215,224	23,821	12,199	1,149,894
	32,656,836	**14,732,111**	**7,589,236**	**19,290,864**	**36,241,707**	**10,611,452**	**121,122,206**
Liabilities:							
Due to the Government	—	—	—	6,239	74,880	—	81,119
Due to credit institutions	166,039	46,689	176,938	17,246,630	5,521,900	—	23,158,196
Due to customers	12,404,374	11,121,631	6,509,620	8,369,831	8,049,244	37,611	46,492,311
Debt securities issued	—	—	—	317,340	32,236,458	3,600,548	36,154,346
Reserves for insurance claims	39,713	—	—	156,556	—	—	196,269
Tax liabilities	223,569	—	—	—	—	—	223,569
Other liabilities	—	526,482	58,971	243,898	223,811	—	1,053,162
	12,833,695	**11,694,802**	**6,745,529**	**26,340,494**	**46,106,293**	**3,638,159**	**107,358,972**
Net balance sheet position	19,823,141	3,037,309	843,707	(7,049,630)	(9,864,586)	6,973,293	13,763,234
Accumulated gap	**19,823,141**	**22,860,450**	**23,704,157**	**16,654,527**	**6,789,941**	**13,763,234**	

The entire portfolio of securities is classified as available-for-sale securities and the Bank believes this is the proper presentation of its liquidity position. The Bank believes that, despite a substantial proportion of deposits from individuals being on demand, the term deposits provide a long-term and stable source of funding for the Bank.

The Bank maintains its liquidity management processes with the objective of ensuring that funds will be available at all times to fund cash flow obligations as they become due. Although the relative maturities of the Bank's assets and liabilities give some indication as to the Bank's sensitivity to interest rate movements, it is an imprecise measure as it does not take into account the frequency with which the Bank is able to reprice its assets and liabilities. Corporate long-term credits and overdraft facilities are generally not available in Kazakhstan except for programmes set up by international financial institutions. Many short-term credits, however, are granted with the expectation of renewing them at maturity. As such, the ultimate maturity of assets may be different from the analysis presented in the tables above. In addition, the maturity gap analysis above does not reflect the historical stability of current accounts, whose liquidation has taken place over a longer period than that indicated in the table above. The table is based upon these accounts' entitlement to withdraw on demand.

The Bank's target for liquidity ratio for 2006 was 12.5 per cent. However, as at 30 June 2006 the liquidity ratio was higher than targeted. This was due to the receipt of the proceeds of a U.S.$135 million syndicated loan in June 2006. A large amount of the proceeds of this loan remain deposited with correspondent accounts which has resulted in the liquidity ratio being higher then planned.

The issuance of the Notes is one of the steps being taken by management in an effort to diversify and extend the maturity of its funding sources. The Bank increased its share capital to KZT 10 billion (U.S.$84 million) as at 30 June 2006, compared to KZT 6 billion as at 31 December 2005, an increase of 63.4 per cent. compared to 31 December 2005.

On 10 December 2004, the Bank registered domestic bonds with the FMSA in an aggregate principal amount of KZT 10 billion. On 25 January 2006, the Bank registered subordinated notes in the amount of KZT 5 billion with a tenor of ten years, of which KZT 1.9 billion was placed as at 30 June 2006. On 18 May 2006, the issue was listed on KASE. As at 18 August 2006, KZT 3.3 billion of these subordinated notes had been placed.

Interest Rate Risk

The following table sets out the effective average interest rates for interest earning/bearing monetary financial instruments as at the dates indicated:

	Six months ended 30 June	Years ended 31 December	
	2006	2005	2004
		(per cent.)	
Financial assets at fair value through profit or loss	5.0	4.7	2.1
Amounts due from credit institutions	5.5	5.1	1.8
Available-for-sale securities	6.0	5.7	6.6
Loans to customers	12.4	13.2	13.5
Amounts due to credit institutions	8.0	6.7	5.0
Amounts due to customers	3.4	4.6	4.3
Debt securities issued	10.3	9.7	12.0

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 interest income by managing interest rate exposure. The Bank monitors its interest rate sensitivity by estimating its gap position, which is based on analysing the composition of its assets and liabilities, off-balance sheet financial instruments susceptible to interest rate fluctuations and evaluation of such asset and liabilities differentials ("Gap Position") in selected time periods.

The Bank believes that its sensitivity to interest rate changes is largely reduced by its ability under some of its loan agreements to adjust the applicable rate of interest or call for repayment in another currency. Furthermore, in the event of material changes in circumstances, the Bank is also entitled to call for prepayment of loans.

Nevertheless, as the average maturity of the Bank's loan portfolio increases it will, without a matching increase in the average maturity of its liabilities, face increasing interest rate risk and will be obliged to introduce more sophisticated risk management techniques and/or more sophisticated standard terms and conditions in its loan agreements.

The Bank manages its interest risk through:

- establishment and regular monitoring of the limits of open currency positions and limits are set on the maximum open position for each currency, for total currency position, maximum tenor of open position and maximum amount of loss for open position;
- technical and fundamental currency analysis and forecasted exchange rate movements;
- analysis of current Gap Position, calculation and analysis of the necessary and sufficient margin, based upon credit risk evaluation;
- calculation of the minimum interest rates in active operations, taking into consideration that interest rates on the asset side must be higher than that of the cost of funds and include a certain fixed margin to cover the credit risk of the Bank;
- regular analysis of the Bank's sensitivity to the interest rate risk; and
- regular monitoring of the established limits and in the event of these limits being exceeded, timely decision making and follow-up processes to bring the interest rate limits in line with existing interest risks.

Funding and Liquidity

Introduction

The Bank's funding and 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 the NBK and FMSA regulations and covenants contained in the Bank's various credit facilities. See "— Foreign Currency Borrowings". Liquidity risk arises in the general funding of the Bank's lending and investment activities and includes the risk of increases in funding costs and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

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. The Financial Risks Department sets the daily limits on the minimum proportion of maturing funds available to cover cash outflows and the minimum level of inter-bank and other borrowed facilities required to cover deposit withdrawals at unexpected levels of demand. In addition, the ALCO reviews the Bank's liquidity guidelines and strategy on a monthly basis and gives weekly updates on the liquidity status.

The following table provides certain information in relation to the Bank's liquidity as at 30 June 2006 and 31 December 2005 and 2004:

	As at 30 June	As at 31 December	
	2006	2005	2004
		(per cent.)	
Net loans/total assets	66.7	60.5	75.5
Net loans/deposits	199.9	158.1	138.3
Liquid assets/total assets[(1)]	29.9	35.8	21.6
Net loans/equity	506.7	523.5	639.0
Liquid assets/total amounts owed to customers	89.8	93.5	39.6

(1) Liquid assets comprise cash and cash equivalents, obligatory reserves with the NBK, amounts due from credit institutions, financial assets at fair value through profit or loss and available-for-sale securities.

The Bank's funding base is diversified between customer deposits, inter-bank borrowings as well as deposits, and amounts received from debt securities issued. As at 30 June 2006, 27.1 per cent. of total amounts owed to customers comprised deposits of the Bank's 10 largest corporate depositors. As at 30 June 2006, the Bank had customer deposit balances which were marked as collateral for letters of credit and guarantees granted by the Bank of KZT 3,444 million or 7.3 per cent. of total customer deposits as compared to KZT 2,590 million as at 31 December 2005 or 5.6 per cent. of total customer deposits. The ratio of gross loans to customer deposits was 206.6 per cent. as at 30 June 2006, an increase from 164.2 per cent. as at 31 December 2005. This structure, typical for all banks in Kazakhstan, positively affects net interest margins but increases liquidity risk. The Bank intends to reduce the concentration of large corporate depositors in its deposit base by attracting more small and medium-sized corporate and retail depositors.

Other important sources of funding include bilateral and special purpose facilities from banks and other financial institutions as well as the issue of senior and domestic debt securities. Like some of its peers, the Bank has open trade credit lines with major western banks which amounted to U.S.$435 million as at 30 June 2006. By the end of 2007 the Bank intends to have expanded its presence in the domestic capital and money markets. In June 2004, the Bank issued a three-year KZT 4 billion domestic bond which was successfully placed in the domestic market in Kazakhstan. On 10 December 2004, the Bank registered domestic bonds with the FMSA in an aggregate principal amount of up to KZT 10 billion. In May 2006, the Bank issued subordinated notes in the amount of KZT 5 billion with a tenor of ten years.

Inter-bank funding has also increased to KZT 38,320 million as at 30 June 2006 from KZT 23,158 million as at 31 December 2005. The Bank has improved its liquidity gap position by using longer-term assets and liabilities.

The Bank believes that new borrowings together with the proceeds of this offering should further improve its medium-term funding base. The following table sets out the Bank's liabilities as at the dates indicated:

	As at 30 June	As at 31 December	
	2006	2005	2004
		(KZT thousands)	
	(unaudited)	*(audited)*	
Amounts due to the Government and NBK	54,248	81,119	168,020
Amounts due to credit institutions	38,319,640	23,158,196	20,873,492
Amounts due to customers	47,245,576	46,492,311	48,795,376
Debt securities issued	35,452,720	36,154,346	8,286,137
Reserves for insurance claims	199,842	196,269	199,486
Provisions	85,246	83,842	75,683
Net deferred tax liability	276,812	223,569	28,420
Other liabilities	1,346,826	1,053,162	403,227
Total liabilities	**122,980,910**	**107,442,814**	**78,829,841**

Customer Accounts

During the first six months of 2006, the Bank increased the total amount of deposits from customers by 1.6 per cent. from KZT 46,492 million, as at 31 December 2005, to KZT 47,246 million as at 30 June 2006.

A significant portion of the Bank's funding base is represented by accounts of legal entities (excluding the Government, the NBK and credit institutions). The share of term deposits and current accounts of legal entities in the Bank's deposit base remained relatively unchanged as at 30 June 2006 compared to 31 December 2005 amounting to 60.6 per cent. and 65.8 per cent. of amounts owed to customers, respectively. The decrease in term deposits of legal entities from KZT 20,738 million as at 31 December 2005 to KZT 13,952 million as at 30 June 2006 was mainly due to the withdrawal of the largest deposit during the six-month period ended 30 June 2006. The above-mentioned withdrawal was of a deposit from a customer with a one-year tenor made in 2005, and was, therefore, anticipated by the Bank. The result of this withdrawal was to reduce the overall amount of corporate term deposits held with the Bank, but at the same time this had the effect of reducing the concentration of the Bank's deposits and increasing the proportion of SME demand deposits and retail term deposits in the overall loan portfolio, in line with the Bank's current policy. As at 30 June 2006, the Bank's ten largest depositors accounted for approximately 27.1 per cent. of total amounts owed to customers, compared to 39.7 per cent. as at 31 December 2005. The Bank intends to reduce further the concentration of domestic funding by attracting small and medium-sized corporate and retail depositors.

The Bank continued to increase its retail deposit funding base in 2006, which represents an important source of funding for the Bank, because retail funding mainly consists of term deposits, it is less volatile than corporate funding, but also more costly for the Bank. The Bank intends to expand its market share of the high net worth and middle-income customers retail market by increasing the range and quality of services it offers. Retail deposits represented 32.0 per cent. and 28.6 per cent. of the Bank's total amounts due to customers as at 30 June 2006 and 31 December 2005, respectively. As at 30 June 2006, approximately 35.6 per cent. of the Bank's retail accounts were covered by the deposit insurance scheme, compared to 34.7 per cent. as at 31 December 2005. As at 30 June 2006, amounts due to customers with a maturity of one to twelve months were KZT 17,885 million or 37.9 per cent. of total amounts owed to customers compared to KZT 14,879 million or 32.0 per cent. of total amounts due to customers as at 31 December 2005. As at 30 June 2006, amounts due to customers with a maturity of over one year amounted to KZT 9,787 million or 20.7 per cent. of total amounts owed to customers, compared to KZT 8,087 million or 17.4 per cent. of total amounts owed to customers as at 31 December 2005.

The following table sets out details of customer accounts (retail and corporate) broken down into term and demand deposits as at the dates indicated:

	As at 30 June	As at 31 December	
	2006	2005	2004
		(KZT thousands)	
	(unaudited)	(audited)	
Demand deposits:			
Commercial entities	14,699,731	9,847,066	9,952,995
Individuals	2,581,515	921,433	1,747,103
Governmental entities	9,991	6,647	1,590
Total	**17,291,237**	**10,775,146**	**11,701,688**
Term deposits:			
Commercial entities	13,951,755	20,738,164	26,342,533
Individuals	12,558,474	12,388,899	9,358,066
Total	**26,510,229**	**33,127,063**	**35,700,599**
Held as security against guarantees and letters of credit	3,444,110	2,590,102	1,393,089
Total deposits	**47,245,576**	**46,492,311**	**48,795,376**

Interest rates on the Bank's deposits are close to the average rates on the market and the Bank offers rates which are competitive with those of other institutions in Kazakhstan.

The following table sets out the interest rates on deposits with the Bank as at the dates indicated:

	As at 30 June	As at 31 December	
	2006	2005	2004
		(per cent.)	
KZT deposits:			
Current accounts	Up to 2.0	Up to 2.0	Up to 3.0
Time deposits	1.0 to 16.0	1.5 to 16.0	0.7 to 16.0
Held as security against guarantees and letters of credit	up to 9.2	3.5 to 12.0	1.6 to 2.9
Foreign currency deposits:			
Current accounts	Up to 3.0	Up to 3.0	Up to 3.0
Time deposits	1.0 to 10.0	1.0 to 10.0	1.0 to 14.0
Held as security against guarantees and letters of credit	up to 8.8	2.0 to 8.8	1.6 to 2.9

In February 2005, the Regulation on Pension Assets Investment Management, No. 264 dated 29 July 2003, was amended with the effect that, as at 14 February 2005, pension assets can be deposited with second tier banks for a period not exceeding 36 months; previously the limit for such deposits was 12 months. As a result, the Bank has enjoyed a substantial increase in the amount of deposits from pension funds and a consequential increase in its liquidity. As at the end of 2005, approximately 16.8 per cent. of the 20 largest deposits of the Bank were held by 5 pension funds.

Foreign Currency Borrowings

Set out below are summary descriptions of the terms of the principal debt facilities under which the Bank is a borrower and/or guarantor as at the date of this Prospectus:

The Citibank/ING Facility

On 19 October 2005, the Bank entered into a U.S.$100 million term loan facility agreement, bearing an interest of LIBOR plus 1.90 per cent., with a syndicate of foreign banks led by Citibank N.A. London Branch and ING Bank N.V., London Branch (the ''Citi/ING Facility'').

On 12 October 2006 the Bank has entered the Amendment and Restated Agreement in respect if the Citibank/ING Facility whereby it transferred its obligations under the Citibank/ING Facility to the Issuer and extended the term of the Citibank/ING Facility for one year.

As at 30 June 2006, the outstanding principal balance of the Citi/ING Facility was U.S.$100 million.

The Deutsche Bank/RZB Facility

On 2 June 2006, the Bank entered into a two year U.S.$135 million, unsecured term loan facility agreement with a syndicate of foreign banks led by Deutsche Bank AG London Branch and Raiffeisen Zentralbank Österreich Aktiengesellschaft (the ''Deutsche Bank/RZB Facility''). The Deutsche Bank/RZB Facility was fully drawn down in June 2006.

The loan under the Deutsche Bank/RZB Facility bears interest on the outstanding principal balance at the annual rate of LIBOR plus 1.95 per cent. The Bank is entitled to prepay the Deutsche Bank/RZB Facility at any time in full or part. The repayment under the Deutsche Bank/RZB Facility is due on 2 June 2008, with a two years extension option.

As at 30 June 2006, the outstanding principal balance of the Deutsche Bank/RZB was U.S.$135 million.

Other On-Lending Trade Finance Facilities

The Bank regularly enters into various other inter-bank facilities with foreign banks and Kazakhstan subsidiaries of foreign banks, pursuant to each of which the Bank is permitted to draw various amounts in foreign currency, subject to prudential norms and liquidity ratios established by the NBK, for the purpose of on-lending funds to a specific corporate client typically with a view to financing up to 85.0 per cent. of the value of a specific import contract (the ''On-Lending Trade Finance Facilities''), depending on the value and quality of the collateral and subject to requirements of existing credit policies and procedures of the Bank. Such lending should not exceed 25.0 per cent. of the Bank's equity in the terms of the exposure of the Bank to one borrower or group of related borrowers. As at the date of this Prospectus the Bank maintains On-Lending Trade Finance Facilities with

Citibank, ABN AMRO Bank N.V., HSBC Bank Kazakhstan, Bank Austria Creditanstalt A.G., Commerzbank A.G., ING Bank N.V., Bayerische Hypo und Vereinsbank Aktiengesellschaft and The Bank of New York.

While most of the On-Lending Trade Finance Facilities are concluded for a one year term, some provide for maturities of up to five years. The On-Lending Trade Finance Facilities are typically either unsecured or secured by the Bank's funds held in accounts with the NBK or the Bank's correspondent banks outside Kazakhstan. The On-Lending Trade Finance Facilities are typically prepayable by the Bank at any time in full or in part.

Typically, loans drawn under the On-Lending Trade Finance Facilities bear interest on their outstanding principal balance at the rate of LIBOR plus a margin of between 1.9 per cent. and 2 per cent.

Covenants in the facility agreements

Under various financing agreements, the Bank is obliged to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy and lending exposures. In addition, in accordance with the term of these facilities, the Bank is required to obtain the approval of the relevant lenders before distributing any dividends (other than share dividends) to holders of its common shares and the lenders are entitled to receive reports on the Bank's compliance with certain of those ratios. As at the date of this Prospectus, the Bank was in compliance with all financial ratios and other covenants imposed on it under any financing agreement under which it is a borrower or guarantor and the Bank is not aware of any incidents or cases of breach of any debt covenants to which it is subject as at the date of this Prospectus.

Debt Securities

On 26 April 2005 the Bank issued its debut Eurobond of U.S.$150 million 9.0 per cent. notes due 2008. ING Bank N.V., London Branch and Dresdner Bank AG London Branch were the joint lead managers of this issue.

The Bank has U.S. dollar-linked and Tenge-denominated domestic bonds outstanding bearing interest at annual rates ranging between 7.5 and 9.0 per cent. with maturity dates between 2007 and 2016. As at 30 June 2006, the aggregate principal amount of all issued domestic bonds outstanding was KZT 19.1 billion.

The following table provides information on the Bank's outstanding domestic bonds as at the dates indicated:

	Annual coupon rate	Maturity date	As at 30 June 2006	As at 31 December 2005	As at 31 December 2004
	(per cent.)		*Nominal value (KZT millions)*		
KZT denominated notes indexed to U.S.$	8.5	22 May 2005	—	—	833
KZT denominated subordinated notes	7.5	18 May 2016	1,945	—	—
KZT denominated subordinated notes indexed to U.S.$	9.0	12 June 2011	3,185	3,599	3,495
KZT denominated floating rate notes	8.0 + 1.0 multiplied by inflation index	25 June 2007	4,000	4,000	3,993
KZT denominated notes ...	8.0	30 December 2008	10,000	9,745	—
USD denominated fixed rate notes	9.0	28 April 2008	16,728	19,130	—

On 10 December 2004, the Bank registered domestic unsecured bonds with the FMSA in an aggregate principal amount of up to KZT 10 billion. By the end of March 2006 the placement of these bonds was fully completed. On 25 January 2006, the Bank registered subordinated notes in the amount of KZT 5 billion with the tenor of ten years.

Foreign Currency Management

From May 1999 to 2002, the Tenge depreciated in value against the U.S. dollar. However, the Tenge became stronger in 2003 significantly appreciating in value against the U.S. dollar during 2003, 2004 and 2005. According to the NBK, during the first six months of 2006, the Tenge appreciated by 11.3 per cent. against the U.S. dollar.

The Bank is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Risk Department monitors the Bank's net currency position and advises on the Bank's strategy accordingly. The ALCO sets the Bank's limits on the level of exposure by currencies. These limits comply with the minimum requirements of the NBK or the FMSA, as applicable.

Regulation and monitoring of the net foreign currency positions of Kazakhstan banks is carried out by the NBK and the FMSA. According to the current NBK and FMSA regulations, the ratio of a bank's open foreign currency position relative to its own capital must not exceed 30 per cent. (this ratio will be decreased to 25 per cent. starting from September 2006) and the open foreign currency position for any currency of a country rated "A" or higher by S&P or another reputable international agency or the Euro must not exceed 15 per cent. of its own capital. The net foreign currency position for any currency of a country rated below "A" is limited to 5 per cent. (See "— Equity and Capital Adequacy Ratios"). The NBK and FMSA regulations define a bank's open foreign currency position as the amount by which its foreign currency liabilities exceeds its foreign currency assets. Foreign currency assets include all foreign currency loans issued by the Bank and the total value of forward currency purchases. Foreign currency liabilities include all foreign currency accounts and the total value of forward currency sales. The Bank provides the NBK and the FMSA on a weekly basis with a report on its foreign currency position. Net position is defined as the difference between the aggregate amount of all long foreign currency positions and the aggregate amount of all short foreign currency positions of a bank.

The following table shows details of the net foreign currency position of the Bank (calculated in accordance with The NBK and FMSA requirements) as at the dates indicated:

	As at 30 June	As at 31 December	
	2006	2005	2004
Net short foreign currency position (KZT thousands)	6,517,411	1,397,813	7,816,256
Net foreign currency position as a percentage of shareholders' equity	35.0	10.0	74.0
Net position as a percentage of foreign currency liabilities	8.8	2.1	13.6

Treasury Operations

The main objective of the Bank's treasury operations is to achieve efficient management of the Bank's liquidity, interest rate and market risk by using the foreign exchange and money markets, thus managing foreign currency exposure and funding costs and maximising investment returns. The Treasury Department calculates the Bank's cash position on a daily basis and provides the management with weekly reports on the Bank's liquidity and cash flows.

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 the underdeveloped nature of the local banking sector means that futures, options and forward currency trading is rare. The Bank is active in money market operations and Government securities trading. See "— Financial Assets at Fair Value Through Profit of Loss and Investment Securities Portfolio".

Financial Assets at Fair Value Through Profit or Loss and Investment Securities 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. Due to its status as a primary dealer for Government securities in Kazakhstan, a significant portion of the Bank's total securities portfolio is comprised of Government, Ministry of Finance and NBK securities (35.2 per cent. as at 31 December 2005, compared to 44.4 per cent. as at 31 December 2004). As at 31 December 2005, the proportion of Eurobonds issued by Kazakh banks increased and represented 36.6 per cent. of the Bank's available-for-sale securities portfolio, compared to 29.0 per cent. as at 31 December 2004. The remaining portfolio consists of Tenge denominated bonds issued by Kazakhstan entities, including financial institutions and large corporations.

The Bank classifies investment securities depending upon the intended use of such securities at the time of the purchase of such securities.

The following table shows the composition of the Bank's available-for-sale securities portfolio as at 30 June 2006 and 31 December 2005 and 2004:

	As at 30 June		As at 31 December			
	2006		2005		2004	
	(KZT thousands) (unaudited)	*(per cent.)*	*(KZT thousands) (audited)*	*(per cent.)*	*(KZT thousands) (audited)*	*(per cent.)*
Corporate bonds	2,114,812	27.0	786,723	14.9	820,968	13.8
Eurobonds of Kazakh banks	1,872,905	23.9	1,931,807	36.6	1,726,744	29.0
Sovereign bonds of Kazakhstan	1,046,332	13.4	1,643,833	31.2	2,658,237	44.7
Bonds of Kazakh banks	825,751	10.5	201,075	3.8	154,740	2.6
Treasury bills of the Ministry of Finance	733,819	9.4	464,187	8.8	151,799	2.5
Bonds of Kazakh credit institutions, other than banks	652,113	8.3	13,850	0.3	235,924	4.0
Notes of foreign credit institutions	262,196	3.3	—	—	—	—
Shares of local banks	242,647	3.1	217,309	4.1	165,525	2.8
Local municipal bonds	83,002	1.1	17,637	0.3	24,642	0.4
Notes of the NBK	—	—	—	—	13,004	0.2
Total available-for-sale securities	**7,833,577**	**100.0**	**5,276,421**	**100.0**	**5,951,583**	**100.0**

The Bank's available-for-sale securities portfolio increased by 48.5 per cent. during the six-month period ended 30 June 2006, from KZT 5,276 million as at 31 December 2005, to KZT 7,834 million as at 30 June 2006. This increase represents the necessity to keep sufficient levels of liquidity of the Bank, and the Bank manages liquidity and profitability of the assets through its securities portfolio. In order to improve its liquidity and composition of assets, the Bank increased its holding of corporate bonds by 168.8 per cent. from KZT 787 million as at 31 December 2005, and increased its holding of bonds of Kazakh banks by 310.7 per cent. as at 30 June 2006 compared to 31 December 2005, as well as significantly increasing its holding of bonds of Kazakh credit institutions other than banks, by KZT 638 million to KZT 652 million as at 30 June 2006.

The Bank's available-for-sale securities portfolio decreased by 11.3 per cent. in 2005, from KZT 5,952 million as at 31 December 2004, to KZT 5,276 million as at 31 December 2005. A significant portion of this decrease represents a decrease in the Bank's holding of sovereign bonds by 38.2 per cent. to KZT 1,644 million as at 31 December 2005.

The following table shows the composition of the Bank's financial assets at fair value through profit or loss as at 30 June 2006, 31 December 2005 and 2004:

	As at 30 June	As at 31 December	
	2006	2005	2004
	(unaudited)	*(KZT thousands)* *(audited)*	
Treasury bills of the OECD governments	5,439,831	3,212,508	—
Eurobonds of Kazakh banks	4,358,798	2,514,477	339,549
Eurobonds of foreign credit institutions, other than banks	968,341	2,429,752	—
Bonds of Kazakh banks	526,513	533,620	—
Bonds of Kazakh credit institutions, other than banks	401,450	280,967	—
Index performance securities of foreign banks	356,070	—	—
Corporate bonds	145,867	781,967	170,044
Eurobonds of foreign banks	112,818	134,789	—
Notes of the NBK	83,399	—	—
Treasury bills of the Ministry of Finance	30,971	33,677	30,832
Sovereign bonds of the Republic of Kazakhstan	—	—	49,566
Financial assets at fair value through profit or loss	**12,424,058**	**9,921,757**	**589,991**

The Bank's financial assets at fair value through profit or loss significantly increased in 2005 to KZT 9,922 million as at 31 December 2005, from KZT 590 million as at 31 December 2004. A significant portion of this increase reflects the purchase of treasury bills of OECD governments, Eurobonds of banks and credit institutions, corporate bonds of banks and credit institutions and bonds of foreign state bodies. The increase in trading securities occurred as a result of changes in the ALCO policy and Management's decision to prioritise short-term investment in the securities market.

There is no single trend in the policy of second tier banks in Kazakhstan in relation to the expansion of their loan books. However, the Bank distinguishes its lending policy by focusing on minimising credit risks rather than aggressively issuing loans to customers.

Loan Portfolio

Introduction

Loans to customers represent the largest part of the Bank's assets. Financing is provided for various purposes, although the majority of corporate loans are for working capital and trade finance purposes with a maturity of one to five years or less. However, as demand for longer-term financing from existing customers and other high quality corporate credits increases, the Bank intends to increase its maturity limits, provided that it can match its funding base with longer-term funding through an increase in borrowings and time deposits. Lending to individuals primarily comprises mortgages, car loans and other loans to finance purchases of consumer products.

The Bank's loan portfolio, net of allowances for impairment, grew by 28.5 per cent. in the first six months of 2006, from KZT 73,492 million as at 31 December 2005, to KZT 94,466 million as at 30 June 2006. As at 30 June 2006, the 20 largest borrowers comprised 41.7 per cent. of the Bank's gross loan portfolio, compared to 43.2 per cent. as at 31 December 2005.

Loans, Guarantees and Letters of Credit

The following table sets out the composition of the Bank's loans and contingent liabilities, excluding operating lease commitments as at the dates indicated:

	As at 30 June	As at 31 December	
	2006	2005	2004
		(KZT thousands)	
	(unaudited)	(audited)	
Loans to customers, gross	97,628,497	76,323,337	70,974,209
Allowances for impairment	(3,162,865)	(2,831,359)	(3,489,168)
Loans to customers (net)	**94,465,632**	**73,491,978**	**67,485,041**
Contingent liabilities			
Commitments to extend credit	18,011,934	12,751,269	9,518,226
Guarantees	6,399,545	2,343,323	4,358,533
Commercial letters of credit	16,508,507	10,139,243	7,323,380
Less provisions	(85,246)	(83,842)	(75,683)
Less cash collateral	(3,444,110)	(2,590,102)	(1,393,089)
Total contingent liabilities, excluding operating lease commitments	**37,390,630**	**22,559,891**	**19,731,367**
Total loans and contingent liabilities, excluding operating lease commitments	**131,856,262**	**96,051,869**	**87,216,408**

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance commitments.

The following table sets out the breakdown of the Bank's gross loan portfolio (before allowances for impairment) by loan amount as at the dates indicated:

	As at 30 June		As at 31 December			
	2006		2005		2004	
	(KZT thousands)	(per cent.)	(KZT thousands)	(per cent.)	(KZT thousands)	(per cent.)
Breakdown by loan amount						
up to U.S.$10,000	3,313,386	3.4	2,881,243	3.8	3,332,946	4.7
U.S.$10,000 – U.S.$30,000	7,656,125	7.8	7,677,053	10.1	8,974,351	12.6
U.S.$30,000 – U.S.$100,000	6,885,529	7.1	5,895,257	7.7	5,872,383	8.3
U.S.$100,000 – U.S.$500,000	11,152,211	11.4	8,886,992	11.6	8,455,337	11.9
more than U.S.$500,000	68,621,246	70.3	50,982,792	66.8	44,339,192	62.5
Total	**97,628,497**	**100.0**	**76,323,337**	**100.0**	**70,974,209**	**100.0**

Loan Portfolio Structure by Maturity

The following table sets out the breakdown of the Bank's gross loan portfolio (before allowances for impairment) by maturity:

	As at 30 June		As at 31 December			
	2006		2005		2004	
	(KZT thousands) (unaudited)	(per cent.)	(KZT thousands) (audited)	(per cent.)	(KZT thousands) (audited)	(per cent.)
Breakdown by maturity						
Up to 1 month	8,131,874	8.3	7,150,049	9.4	7,010,421	9.9
1 – 3 months	5,994,075	6.2	5,368,539	7.0	5,063,369	7.1
3 months – 1 year	26,862,924	27.5	18,799,247	24.6	16,606,161	23.4
1 year – 5 years	46,097,300	47.2	34,673,097	45.4	29,590,749	41.7
Over 5 years	10,542,324	10.8	10,332,405	13.6	12,703,509	17.9
Total	**97,628,497**	**100.0**	**76,323,337**	**100.0**	**70,974,209**	**100.0**

Loan Portfolio Structure by Sector

The Bank's primary objective with respect to its lending activities is to diversify into different sectors of the economy in order to reduce its exposure to particular industries.

The following table sets out certain information as to the structure of the Bank's gross loan portfolio before allowances for impairment, by economic sector, as at the dates indicated:

	As at June 30		As at 31 December			
	2006		2005		2004	
	(KZT thousands) (unaudited)	*(per cent.)*	*(KZT thousands) (audited)*	*(per cent.)*	*(KZT thousands) (audited)*	*(per cent.)*
Individuals	17,191,935	17.6	15,157,798	19.9	17,691,052	24.9
Wholesale trade, including:	19,048,328	19.6	9,082,266	11.9	9,909,603	14.0
-oil products	*12,792,456*	*13.1*	*3,914,079*	*5.1*	*3,201,212*	*4.5*
-foodstuff	*1,538,010*	*1.6*	*1,359,639*	*1.8*	*3,456,340*	*4.9*
-oil field equipment	*1,523,909*	*1.6*	*1,789,227*	*2.3*	*85,932*	*0.1*
-computers and consumer electronics	*909,191*	*0.9*	*442,666*	*0.6*	*1,006,889*	*1.4*
-raw-cotton	*460,700*	*0.5*	*478,925*	*0.6*	*518,667*	*0.7*
-construction materials	*278,394*	*0.3*	*204,112*	*0.3*	*249,331*	*0.4*
-mobile phones	*151,779*	*0.2*	*169,481*	*0.2*	*779,535*	*1.1*
-other	*1,393,889*	*1.4*	*724,137*	*1.0*	*611,697*	*0.9*
Construction	14,873,273	15.2	12,071,194	15.8	5,775,744	8.1
Food industry	10,401,291	10.7	10,403,920	13.6	11,080,590	15.6
Agriculture	6,466,341	6.6	6,035,767	7.9	3,568,793	5.0
Communication	4,850,538	5.0	4,502,039	5.9	5,105,381	7.2
Transportation	4,043,972	4.1	3,877,527	5.1	1,209,590	1.7
Rental properties	3,738,749	3.8	3,982,430	5.2	1,321,879	1.9
Real estate	2,677,780	2.7	2,347,406	3.1	4,309,744	6.1
Retail trade	2,576,183	2.6	744,987	1.0	578,692	0.8
Auto service and trade	2,468,095	2.5	2,070,610	2.7	806,487	1.1
Entertainment	1,956,589	2.0	1,809,137	2.4	1,528,490	2.2
Financial intermediation	1,346,343	1.4	31,339	—	2,120,230	3.0
Research and consulting service	1,070,818	1.1	580,890	0.8	848,069	1.2
Publishing	1,013,645	1.0	878,941	1.2	736,294	1.0
Hotels and restaurants	689,456	0.7	486,712	0.6	293,929	0.4
Mining	562,688	0.6	452,209	0.6	1,024,334	1.4
Production of non-metal mineral products	536,281	0.5	297,873	0.4	273,871	0.4
Medical care	100,008	0.1	35,298	—	44,828	0.1
Power, gas and water distribution	10,178	—	237,067	0.3	2,057,489	2.9
Other	2,006,006	2.2	1,237,927	1.6	689,120	1.0
Total gross loans	**97,628,497**	**100.0**	**76,323,337**	**100.0**	**70,974,209**	**100.0**
Allowance for impairment	(3,162,865)		(2,831,359)		(3,489,168)	
Net loans	**94,465,632**		**73,491,978**		**67,485,041**	

The gross loan portfolio of the Bank increased by approximately 27.9 per cent. during the first six months of 2006 to KZT 97,628 million as at 30 June 2006. Agricultural companies slightly increased their borrowing to KZT 6,466 million for the period ended 30 June 2006; however, the percentage of lending to agricultural companies in the total gross loan portfolio decreased to 6.6 per cent. as at 30 June 2006 compared to 7.9 per cent. as at 31 December 2005. Loans to communication and construction companies as at 30 June 2006, as a percentage of the gross loan portfolio decreased to 5.0 per cent and 15.2 per cent. of the Bank's gross loan portfolio, respectively. These changes occurred primarily as a result of the Bank's policy of diversification of its loan portfolio. As at 30 June 2006, lending to real estate companies increased to KZT 2,678 million as compared to KZT 2,347 million as at 31 December 2005. In 2006, the Bank's exposure to the real estate sector increased due to the overall growth of the real estate sector in Kazakhstan's economy.

The Bank issued KZT 17,192 million in value of loans to individuals as at 30 June 2006, representing 17.6 per cent. of the Bank's gross loan portfolio. Despite the decrease in the share of loans to individuals in the total loan portfolio in comparison to 31 December 2005, the Bank has strengthened its presence in the retail lending market. The Bank anticipates significant growth in the application for car loans and mortgages to continue in the second half of 2006, and expects its lending activities to increase in these areas accordingly.

Loans issued in the wholesale trading sector increased to KZT 19,048 million as at 30 June 2006. This increase is mainly attributable to the increase in lending in relation to the wholesale trade of oil products, which represented 13.1 per cent. of the Bank's gross loan portfolio as at 30 June 2006.

Retail trading companies had borrowed KZT 2,576 million as at 30 June 2006 compared to KZT 745 million as at 31 December 2005.

The Bank increased its gross loan portfolio by 7.5 per cent. from KZT 70,974 million as at 31 December 2004 to KZT 76,323 million as at 31 December 2005. Agricultural companies increased their borrowing from KZT 3,569 million as at 31 December 2004 to KZT 6,036 million as at 31 December 2005, or from 5.0 per cent. to 7.9 per cent. of the total gross loan portfolio, respectively. Loans to the food industry and communication decreased to 13.6 per cent. and 5.9 per cent. of the Bank's gross loan portfolio, respectively, as at 31 December 2005, as compared to 15.6 per cent. and 7.2 per cent., as at 31 December 2004, respectively. These changes occurred primarily as a result of the Bank's diversification policies. As at 31 December 2005, borrowings to real estate companies decreased to KZT 2,347 million, as compared to KZT 4,310 million as at 31 December 2004. This decrease was primarily due to an announcement by the Government in mid-2004 of its intention to promote low-cost housing in major cities such as Astana and Almaty and, as a result, the Bank decided to reduce its exposure to this sector in anticipation of a downward trend in the high-end construction market, which formed a significant portion of the market serviced by its construction customers.

The Bank's loans to individuals amounted to KZT 15,158 million as at 31 December 2005, representing 19.9 per cent. of the Bank's gross loan portfolio and its largest borrowing sector, as compared to KZT 17,691 million as at 31 December 2004. This decrease is attributable to the Bank's strategic decision to improve its retail loan portfolio in 2005.

Retail trading companies had borrowed KZT 745 million as at 31 December 2005, an increase of 28.7 per cent. compared to KZT 579 million as at 31 December 2004.

In addition, the Bank intends to increase its exposure to the oil and gas and mining sectors. These two sectors are rapidly expanding in Kazakhstan and loans to companies engaged in that business represented 0.8 per cent. and 0.6 per cent. of the Bank's total gross loan portfolio as at 31 December 2005.

Loan Portfolio Structure by Currencies

In line with the Bank's policy of limiting its exposure to currency fluctuations, traditionally non-Tenge loans comprise a significant part of the Bank's loan portfolio, of which obligations denominated in U.S. dollars are the most significant. As at 30 June 2006 and 31 December 2005 and 2004, U.S. dollar and Euro denominated or indexed loans comprised 43.3 per cent., 46.0 per cent., and 48.8 per cent. of the Bank's gross loans, respectively. However, in 2005 and 2006 following increased domestic demand and an expanded Tenge funding base as well as relatively stable interest rates on Tenge loans, the Bank increased the Tenge denominated gross loan portfolio. Tenge denominated loans represented 56.7 per cent., 54.0 per cent. and 51.2 per cent. of the Bank's gross loans as at 30 June 2006 and 31 December 2005 and 2004, respectively.

The following table sets out certain information as to the currency profile of the Bank's gross loan portfolio as at the dates indicated:

	As at 30 June		As at 31 December			
	2006		2005		2004	
	(KZT millions) (unaudited)	*(per cent.)*	*(KZT millions) (audited)*	*(per cent.)*	*(KZT millions) (audited)*	*(per cent.)*
Tenge	55,360	56.7	41,194	54.0	36,353	51.2
U.S. dollars	38,962	39.9	32,157	42.1	32,275	45.5
Euro	3,306	3.4	2,940	3.9	2,344	3.3
Other	—	—	32	—	2	—
Total	**97,628**	**100.0**	**76,323**	**100.0**	**70,974**	**100.0**

Lending Policies and Procedures

General

The FMSA sets strict guidelines in relation to the credit approval process of banks and the terms, credit levels and interest rates of loans. Relevant 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, to 25 per cent. of a bank's equity for unrelated parties and to 10 per cent. of a bank's equity for unsecured loans. The Bank's own credit approval process is based on the FMSA regulations and its own internal procedures established by the Management Board and the Board of Directors.

The Bank's Credit Investment Committee consists of two sub-committees, the Small Credit Committee and the Principal Credit Committee, which are based at its headquarters, and are responsible for approving credit decisions within the Bank. The Small Credit Committee is responsible for approving the terms of credit facilities and/or guarantees extended by the Bank to corporate clients for amounts up to U.S.$1,000,000. The Principal Credit Committee is responsible for implementation of the Bank's credit policy in respect of large corporate customers and approving the terms of credit facilities and/or guarantees extended by the Bank for amounts above U.S.$1,000,000 for retail customers and for corporate clients. The Management Board must also approve any loan in excess of U.S.$10,000,000 in addition to the approval of the Principal Credit Committee. The Board of Directors must approve all transactions with related parties.

Within each branch, credit decisions on loans below the credit level set for such branch are approved by a credit committee within the branch. The levels for each branch are set by the Principal Credit Committee and range from U.S.$2,000 to U.S.$500,000 for any single retail borrower depending on factors such as the size of the branch. As the Bank grows, these limits are expected to be increased. Individual branch lending limits can be increased up to the maximum limit approved for branches, or revoked, depending on the individual branch's compliance with the Bank's credit policies. Lending limits are reviewed on a semi-annual basis or, alternatively, upon request by a branch. Related party transactions must be dealt with by the headquarters and any corporate loans must be approved by the branch's risk management officer who is also a member of the credit committee.

All applications for credits or guarantees by corporate and retail customers must be submitted to the Bank on its standard forms. In the case of corporate customers, an application submitted to the headquarters, depending on the type of the borrower, is reviewed by either the Corporate Business Department or the Business Development Department, each of which is responsible for a particular customer segment, as appropriate. 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 then prepares a credit dossier based upon such results. Concurrently, a credit application and a relevant customer credit dossier are reviewed by the Credit Risks Department, Internal Control Department, Collateral Department, Bad Debt Department and Legal Department of the Bank. The Credit Risks Department reviews all credit applications submitted by the Corporate Business Department, and the Business Development Department and evaluates all risks related to such application. The Credit Risks Department has the authority to suspend or reject any credit application if there are any doubts with regard to an applicant's solvency or its financial standing. Once reviewed by the Credit Risks Department, a credit application is then delivered to one of the credit committees of the Bank.

If applicable, the Internal Control Department obtains references on the potential borrower from third parties including other banks and various governmental authorities, such as taxation bodies, the NBK, the FMSA and the Interior Ministry. If the loan is collateralised, the Collateral Department of the Bank makes an appraisal of the collateral being offered, including an appraisal as to valuation, legality and enforceability. The Bank's Legal

Department or external legal counsel retained by the Bank from time to time reviews legal documentation involved in the lending process.

Depending on the amount of the credit or guarantee, the credit dossier is examined by the appropriate credit decision making body of the Bank for a final decision on the extension of the credit. A credit application together with a credit dossier is submitted to either the Principal Credit Committee or the Small Credit Committee after each of the departments and/or divisions of the Bank involved in a credit application review process have issued their evaluation reports. The application review process within the branches is similar to that of the headquarters. If the application is for an amount in excess of U.S.$500,000 a representative of the relevant division/department of the headquarters of the Bank, as described above, is involved in an on-site review and analysis of the application.

Maturity Limit

The maximum maturity of a loan depends on the type of loan as indicated in the following table:

Nature of the Loan	Maximum Maturity
	(years)
Working capital facilities	3
Financial Leasing	15
Consumer credits	15
Project finance	15
Inter-bank credit	3
Mortgage loans	15
Blank loans (uncollateralised)	1

Collateralisation

To reduce its credit risks, the Bank requires collateral from borrowers. Collateral includes, but is not limited to, pledges of real estate, machinery and motor vehicles, industrial equipment, industrial goods and food stocks and other commercial goods, as well as cash deposits, pledges of securities and financial institution guarantees. The Bank regularly monitors the quality of the collateral. In certain cases when existing collateral declines 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 forth the nominal amount of the Bank's collateralised and non-collateralised gross loan portfolio (before allowances for impairment) as at the dates indicated:

	As at 30 June	As at 31 December	
	2006	2005	2004
		(KZT millions)	
Collateralised	95,164	75,251	69,571
Uncollateralised	2,464	1,072	1,403
Total gross loans	**97,628**	**76,323**	**70,974**

Where borrowers of the Bank are connected or related in some way, by, for example, having common shareholders or being owned by other related companies, these borrowers are treated as a single borrower by the Bank and are required to provide collateral for each other. Thus, if there is a default by one company in the group, all the other companies of the same group become jointly and severally liable and the Bank can enforce collateral given by the other connected companies 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, if necessary, to dispose of such collateral after 60 days' notice through an auction. The Bank's security documents provide for both non-judicial and judicial foreclosure. To be enforceable, collateral over immovable property is required to be registered with local departments of the Ministry of Justice. No such registration is required for collateral over certain types of movable property. However, registration of collateral over either immovable or movable property establishes priority of that collateral over unregistered collateral. The Bank requires all of its collateral to be so registered with the relevant state registration authority.

Loan Classification and Impairment Assessment

General

The Bank's Credit Risks Department is responsible for the evaluation of the Bank's loan portfolio and establishing allowances and provisions in relation thereto. In order to establish adequate allowances and provisions, loans are classified by their perceived risk criteria in accordance with the Bank's policies and the requirements of NBK and FMSA classification and impairment assessment guidelines. The Credit Risks Department also conducts regular monitoring and evaluations of other assets and off-balance sheet contingent liabilities.

NBK and FMSA Classification and Impairment Assessment Guidelines

Until 2003, banks classified their portfolio and established allowances for impairment for regulatory purposes under the NBK policy based on event-oriented criteria relying primarily on the timeliness of a borrower's payment of interest and principal. As at 1 January 2003, the NBK (and now the FMSA) revised its policies regarding loan classifications and requirements for provisions and allowances.

Pursuant to revised NBK/FMSA guidelines, the Credit Risks Department, in classifying the Bank's loan and off-balance sheet exposures, performs detailed credit reviews, assesses the borrower's financial condition and operating results and determines whether there has been a deterioration in the borrower's financial condition and operating results since the origination of the loan. Any failure of the borrower to repay principal and interest, any extensions of interest or principal payments granted, or other modifications which have been made to the original loan agreement, or the quality and quantity of any collateral provided, determine the basic fundamentals of the purpose of the loan and whether there has been any unauthorised use of the loan proceeds. In addition to these assessments, the Credit Risks Department performs other analytical procedures and takes into consideration any macro and microeconomic factors specifically relating to the Kazakhstan economy and industry sector analysis.

Loans and off-balance sheet exposure are classified by reference to: (i) customer's financial performance; (ii) timelines of repayment of principal and/or interest; (iii) quality of collateral; (iv) whether there has been any extension of the loan; (v) 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 is assessed and then assigned a risk weighted grade according to the following matrix:

Criteria	Grade
Financial Performance	
Stable	0
Satisfactory	+1
Unstable	+2
Critical	+4
Timeliness of Repayment of the Loan	
On time payments	0
Overdue by 1-30 days	+1.5
Overdue by 31-60 days	+2.5
Overdue by 61-90 days	+3.5
Overdue by more than 90 days	+4.5
Quality of Collateral	
Reliable	–3
Good	–2
Satisfactory	0
Unsatisfactory	+1
No collateral	+2
Extensions	
None	0
Some	+ (no of extensions)

Criteria	Grade
Timeliness Repayment on Other Loans	
On time payments	0
Payments overdue	+1
Unauthorised Use of the Loan	
Up to 25 per cent.	0
25 to 50 per cent. (non-inclusive)	+1
50 to 75 per cent. (non-inclusive)	+2
75 to 100 per cent. (non-inclusive)	+3
100 per cent. and more	+4
Write-offs	
None	0
Some	+2
International Rating	
"A" and above	+3
Above Kazakhstan sovereign to "A"	–2
Kazakhstan sovereign	–1
Below Kazakhstan sovereign/No rating	0

In relation to the Financial Performance criteria:

"Stable" means that the customer is solvent, has no losses, has a strong market presence and 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.

"Satisfactory" means that there are some indications of temporary deterioration in the financial performance of the customer such as a decrease in revenues, deterioration in cash position or market share or there are some external and internal factors that might affect the financial performance of the customer; although there is some probability of default, there is also 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, continuous deterioration of market share; no assurance can be made that the customer's financial performance will improve; and/or 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, negative equity capital; declared bankruptcy and/or bankruptcy treatment was applied for a period of one year: force majeure events which materially affected the customer or its activities; and/or absence of financial information about the customer.

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 not less than "AA", cash collateral and pledges over Kazakhstan sovereign securities, securities issued by foreign governments having an international rating of not less than "A" or monetary precious metals securing all of the credit.

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

"Satisfactory" means non-highly liquid collateral securing all of the credit or highly liquid collateral as in Reliable Collateral 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 the collateral secures less than 50 per cent. of the credit.

The risk weighted grades for all criteria are then combined, resulting in classification of the Bank's portfolio as follows, both under the NBK requirements and under IFRS:

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

In the Bank's judgement total non-performing loans under the NBK's classification comprise doubtful 5th category loans and loss, and total non-performing loans under IFRS comprise doubtful loans and loss.

The loan classifications described above are used to determine the adequacy of the allowance for impairment of loans and the adequacy of the allowance for other assets and off-balance sheet risks for regulatory purposes in accordance with the NBK and the FMSA regulations.

The following table sets out certain information relating to the Bank's gross loans and allowances for impairment in relation to them in accordance with NBK and FMSA regulations as at the dates indicated:

	Loan Portfolio as at 30 June 2006		Loan Portfolio as at 31 December 2005		Loan Portfolio as at 31 December 2004		Provisions formed as at 30 June 2006		Provisions formed as at 31 December 2005		Provisions formed as at 31 December 2004	
	Amount of debt	**Ratio**	**Amount of debt**	**Ratio**	**Amount of debt**	**Ratio**	**Amount of Provisions**	**Proportion of credit portfolio**	**Amount of Provisions**	**Proportion of credit portfolio**	**Amount of Provisions**	**Proportion of credit portfolio**
	(KZT thousands)	*(per cent.)*	*(KZT thousands)*	*(per cent.)*	*(KZT thousands)*	*(per cent.)*	*(KZT thousands)*	*(per cent.)*	*(KZT thousands)*	*(per cent.)*	*(KZT thousands)*	*(per cent.)*
Standard	75,760,371	77.6	61,773,467	80.9	47,984,743	67.6	—	—	—	—	124,552	0.2
Doubtful first category (5 per cent.)	15,994,837	16.4	8,003,098	10.5	16,069,534	22.6	768,238	0.8	482,592	0.6	774,399	1.1
Doubtful second category (10 per cent.)	85,980	0.1	642,889	0.8	78,943	0.1	8,539	—	56,937	0.1	7,778	—
Doubtful third category (20 per cent.)	3,706,628	3.8	3,950,463	5.2	4,091,024	5.8	879,658	0.9	796,048	1.1	799,065	1.1
Doubtful fourth category (25 per cent.)	353,573	0.3	93,473	0.1	212,827	0.3	86,047	0.1	23,050	—	52,360	0.1
Doubtful fifth category (50 per cent.)	589,660	0.6	677,276	0.9	1,513,813	2.1	294,334	0.3	315,401	0.4	734,238	1.0
Loss (100 per cent.)	1,137,448	1.2	1,182,671	1.6	1,023,325	1.5	1,126,049	1.1	1,157,331	1.5	996,776	1.4
TOTAL	**97,628,497**	**100.0**	**76,323,337**	**100.0**	**70,974,209**	**100.0**	**3,162,865**	**3.2**	**2,831,359**	**3.7**	**3,489,168**	**4.9**

The allowance for loan impairment remained relatively constant at 3.2 per cent. and 3.7 per cent. of the gross loan portfolio as at 30 June 2006 and 31 December 2005, respectively.

Impairment Assessment of Loans

The Bank makes specific provisions for possible loan losses on a case-by-case basis and actual provisions established take into account the value of any collateral or third party guarantees. After taking impairment charges based on the provisioning rates required by the FMSA, the Bank reassesses the allowances on a quarterly basis to ensure that the amounts properly represent the difference between the carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan or other asset or liability. Accordingly, the actual provision levels may differ from the above provisioning rates.

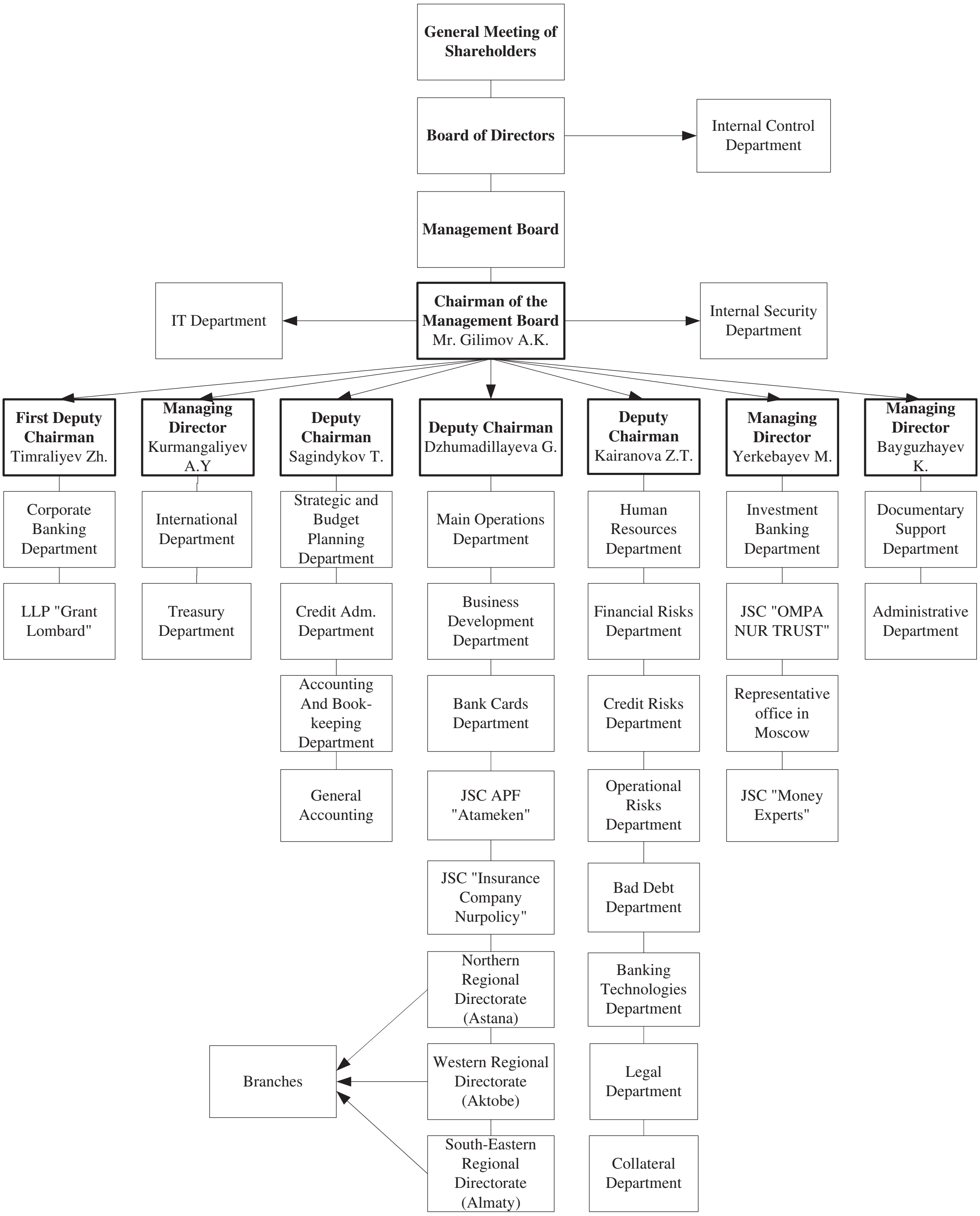
Allowances are made against off-balance sheet exposures when it is more likely than not that there will be a loss. In such cases an adequate allowance is made.

Portfolio Monitoring and Write Offs

The review and monitoring of the loan portfolio of the Bank is conducted by Credit Risks Department on the basis of the information provided by the relevant credit department, Business Development Department or Corporate Banking Department, as appropriate. The monitoring is conducted on a regular basis depending on the condition of the loan and the type, size and maturity of the loan granted. For a loan equal to 2.5 per cent. of the shareholders' equity the monitoring is conducted on a monthly basis for the first three months from the date of such loan. The personnel from the relevant credit extending department is responsible for daily loan monitoring through an automated centralised programme. The Credit Administration Department is responsible for monitoring the timely servicing of a particular loan or an off-balance sheet exposure. On a monthly basis the Bad Debt Department conducts separate monitoring in order to identify problem loans in loan portfolios of the head office and branches, and analyses the compliance of problem loans level with the requirements of regulating body. If any repayment problem is identified in the process of loan monitoring, immediate action is taken by the relevant credit extending department, the Corporate Banking Department or the Business Development Department, as appropriate. The Credit Risks Department receives monitoring reports from the relevant credit extending department and on a monthly basis prepares a classification of the loan portfolio, as well as reports to the Bank's Management Board on all aspects of the Bank's credit activity. An in-depth review of each borrower is carried out on site by representatives of the relevant division of the credit extending department on a semi-annual basis in order to assess the financial condition of the borrower and the status of collateral. The Bank's determination of whether a repayment problem has arisen is based on a number of objective and subjective criteria, including changes in the borrower's turnover in accounts held by the Bank, changes in the borrower's economic and financial activity giving rise to a suspicion that a loan is not being used for its original purpose, applications to change credit terms, failure of the borrower to fulfil the terms and conditions of its loan agreement and refusal of a borrower to cooperate in supplying current information. Once any repayment problem arises, the Credit Risks Department, the Collateral Department and the Bad Debt Department as well as (if necessary) directors of branches and the Deputy Chairman are all immediately notified. The Bank believes that it has a good record of 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 collateral either in reliance on its legal rights or with the co-operation of the customer.

MANAGEMENT AND SHARE OWNERSHIP

The following organisational chart sets out the management reporting lines and principal business units of the Bank:



Management

In November 2004, the Bank was re-registered as a joint stock company to comply with the requirements of the Law on Joint Stock Companies in Kazakhstan adopted in May 2003 (the "JSC Law"). The new Charter of the Bank was approved by the General Shareholders' Meeting on 31 December 2005 and the Bank's revised Charter was agreed with the FMSA on 24 February 2006. The Charter provides that the Bank must have a Board of Directors and a Management Board, which is the executive body of the Bank. The General Shareholders' Meeting elects the members of the Board of Directors. The Board of Directors, in turn, elects the members of the Management Board. The Board of Directors represents the interests of shareholders, and is responsible for the general management of the Bank and approves its strategic and operational plans. The Board of Directors does not perform executive functions. Overall responsibility for the administration of the Bank's day-to-day activities is vested in the Management Board. The Management Board is headed by the Chairman who is responsible for the day-to-day management of the Bank. The Bank has various committees and departments which are mandatory and required by banking legislation. In accordance with Kazakhstan legislation, the Chairman and the members of the Board of Directors and the Chairman and the members of the Management Board are appointed only with the consent of the FMSA. The FMSA does not have a representative on the Board of Directors or the Management Board. The General Shareholders' Meeting represents the highest corporate goverance authority of the Bank. As a result of amendments that were made to the JSC Law in July 2005 the powers previously vested in the General Shareholders Meeting to decide upon: (i) cancelling the entry into major transactions (transactions amounting to 25 per cent. or more of the net book value of the Bank's assets), (ii) the repurchase and subsequent sale by the Bank of 25 per cent. or more of the Bank's issued shares or other securities, (iii) and the entry into interested party transactions, was transferred to the Board of Directors.

The business address of the Management Board and the Board of Directors is 9th floor, 38 Dostyk Ave, Almaty 050100, Kazakhstan.

Board of Directors

The Board of Directors is not directly involved in the day-to-day management of the affairs of the Bank, the authority for which is vested in the Management Board, and the Board of Directors has no authority to act on its own behalf or to perform any executive functions. The Board of Directors supervises the Management Board's activities to protect shareholders' interests. The powers of the Board of Directors include the following:

- defining the investment, credit and other policies of the Bank;
- establishing lending and interest rate limits;
- nominating the Chairman and members of the Management Board;
- making decisions on the entry into major transactions, interested party transactions and those increasing the Bank's liabilities by 10 per cent. or more of its own capital; and
- calling general and extraordinary general meetings of shareholders.

Currently, the Board of Directors of the Bank consists of three members:

Name	Position	Year Born
Talgat Dzhumadillayev	Chairman of the Board, Executive Director JSC KazMunaiGas	1962
Abilmazhen Gilimov	Chairman of the Management Board of the Bank	1968
Sagyn Krymkulov	General Director of JSC MangistauMunaiGas	1945

Management Board

The Management Board is responsible for the day-to-day management and administration of the Bank. Under Kazakhstan law, the Management Board is vested with executive powers over the day-to-day management of the affairs of the Bank, subject to the supervision of the Board of Directors and ultimately the Bank's shareholders. The Management Board's responsibilities include the following:

- making executive business decisions;
- implementing the business strategy;
- appointing senior management and branch representatives of the Bank;

- proposing dividends; and
- dealing with all other matters not reserved to the Board of Directors or the General Shareholders' Meeting.

The internal by-laws of the Management Board are fixed by the Board of Directors, which also appoints the members of the Management Board. The Management Board has a duty to fulfill decisions approved by the General Meeting of Shareholders and the Board of Directors. Shareholders and employees (whether or not shareholders) are eligible to become members of the Management Board. Currently, the Management Board consists of the following members:

Name	Position	Year Born
Abilmazhen Gilimov	Chairman of the Board	1968
Zholdas Timraliyev	First Deputy Chairman of the Board	1967
Tlegen Sagindykov	Deputy Chairman of the Board	1961
Gulmira Dzhumadillayeva	Deputy Chairman of the Board	1965
Zhanar Kairanova	Deputy Chairman of the Board	1974
Arystanbek Kurmangaliyev	Managing Director	1974
Murat Yerkebayev	Managing Director	1976

Abilmazhen Gilimov, Chairman. Graduated from Moscow Finance Academy in 1993 with a degree in Finance and Credit, and in 2000 with a degree in Law from Kazakh State Juridical University. In 2002, he completed his post-graduate course at the Kazakh Economy University with a Masters degree in Economic Sciences. He commenced his career in 1985 as an Inspector of Regional State Insurance Department in Guriyev oblast. From 1992 to 1994, he worked at a number of Russian Banks located in Moscow. In 1994, he joined Kramds Bank, Atyrau branch as a Deputy Head and, then was promoted to the position of the branch head. In 1995, he moved to Akimat (local Head Administration Office) of Atyrau oblast and took a position as an adviser on economic issues. He has been in his current position with the Bank since March 1995.

Zholdas Timraliyev, First Deputy Chairman. Graduated from Moscow Institute of Oil, Chemical and Gas Industry in 1991 with a degree in mining engineering. In 1997, he graduated from Saratov State Economy Academy, Finance and Credit Department. He started working in Moscow as Director of Shumoe Holding Company in 1992 and then worked as a broker at Inurbank and later as a dealer in Rusiu Bank. From 1994 to 1996, he worked in the Banking Control Department of the Atyrau branch of the National Bank of Kazakhstan. In June 1997, he started his work in the Bank as Head of Currency management, a position he held until May 1999 before joining the Aktau branch of the Bank as Acting Director and from September 1999 Director of the Aktau branch. In September 2002, he became First Deputy Chairman of the Bank's Management Board.

Tlegen Sagindykov, Deputy Chairman. Graduated from Karaganda Cooperative University in 1987 with a degree in economics. Mr. Sagindykov has worked as engineer, financier and Chief Accountant of Industrial Construction Firm ''Tengizneftegazstroidetal'' since 1990. In 1991, he entered the banking sector in Kazakhstan as Chief Accountant and later Deputy Chief Accountant of Turanbank (predecessor of JSC Bank TuranAlem). Since 1998, he has been the Head of Internal Audit at the Bank. In May 1999, he became a Managing Director of the Bank. He has held his current position at the Bank since November 1999.

Gulmira Dzhumadillayeva, Deputy Chairman. Mrs Dzhumadillayeva was educated at the Almaty Farming Institute. From 1988 to 1993, she was 1st category Specialist of the Price Committee under StateEconomCommittee of Kazakhstan. She was employed by Alembank Kazakhstan as a 2nd category Specialist until 1995. She worked in the Apparatus of the Cabinet of Ministers, from 1995 to 1997, before joining the Almaty branch of the Bank as Head of the Credit Department, a position she held until 1998. Since November 1998, she has been a Director of the Bank's Almaty branch and has held her current position at the Bank since 2002.

Zhanar Kairanova, Deputy Chairman of the Board. Graduated from the State Agricultural College in 1992 with a degree in Economics. From 1992 until 1993, she worked at the Atyrau branch of Savings Bank as Tutor of Deposit Transactions Sector Controller, and later Controller of Deposit Transactions Sector. She started working as a Chief Specialist of the Credit Department of the Bank in August 1993 and became a Director of Credit Management in September 1999. Since 2002 she has been a Director of Credit Department. She has held her current position at the Bank since September 2005.

Arystanbek Kurmangaliyev, Managing Director/Head of the International Department. Graduated from the Kazakh State University of World Languages in 1997 and from Ryskulov Kazakh Economic University in 2001. He was working in the administration of the national airline company Air Kazakhstan until the beginning of 1998. He has held his position at the Bank as a Head of International Department since February 1998. In 2003, he was elected as a Member of the Management Board of the Bank and as a Member of the Credit-Investment

Committee, Tariffs Committee and Assets and Liabilities Management Committee of the Bank. He became a Managing Director in September 2005.

Murat Yerkebayev, Managing Director. Mr. Yerkebayev graduated from the Kazakh State Management Academy in 1997 with a degree in finance, and from Farleigh Dickinson University (USA) in 1999 with an MBA degree. Before joining the Bank he held positions as a financial consultant in SAIPEM company (Milan, Italy) and as General Director of the brokerage-dealer company "Money Experts". Mr. Yerkebayev has held his current position as Managing Director of the Bank since 2004.

Committees

The Bank has established several decision-making committees, each with the authority to take certain decisions according to limits prescribed by the Bank's policies.

Assets and Liabilities Management Committee (ALCO)

As at the date of this Prospectus the members of ALCO are as follows:

Name	Position
Zholdas Timraliyev	Chairman of ALCO Committee, First Deputy Chairman of the Board
Tlegen Sagindyk	Deputy Chairman of the Board
Zhanar Kairanova	Deputy Chairman of the Board
Murat Erkebayev	Managing Director
Arystanbek Kurmangaliyev	Managing Director/Head of International Department
Bayan Dzhalmukhatova	Head of Financial Risks Department
Bagytzhan Kozhrakov	Head of Strategic and Budget Planning Department
Kairat Alpysov	Head of Treasury Department
Elena Sapargaliyeva	Head of Assets and Liabilities Management Division
Elisa Kozykeeva	Secretary of the Committee

ALCO determines the Bank's general policy on assets and liabilities management with the objective of increasing interest and non-interest income, maintaining adequate liquidity and complying with prudential standards and regulations, and minimising the impact of financial market risks so as to maintain the Bank's attractiveness to depositors. ALCO monitors the Bank's deposit base, borrowings and equity and intends to ensure a satisfactory level of dividends is payable to the Bank's shareholders. Members of ALCO are appointed by the Management Board for indefinite terms.

Credit Investment Committee

The Credit Investment Committee determines the credit policy of the Bank and monitors its implementation in respect of all customers of the Bank. The Credit Investment Committee consists of two sub-committees: the Principal Credit Committee and the Small Credit Committee. Members of the Credit Investment Committee are appointed by the Chairman of the Management Board of the Bank for indefinite terms.

Principal Credit Committee

As at the date of this Prospectus the members of the Principal Credit Committee are as follows:

Name	Position
Zholdas Timraliyev	First Deputy Chairman of the Board
Tlegen Sagindyk	Deputy Chairman of the Board
Murat Yerkebayev	Managing Director
Arystanbek Kurmangaliyev	Managing Director/Head of International Department
Baurzhan Nugymanov	Head of Corporate Business Department.
Vyacheslav Kucherov	Head of Credit Risks Department
Ardak Tairova	Deputy Head of Bad Debt Department

The Principal Credit Committee is responsible for the implementation of the credit policy of the Bank in respect of its large corporate customers and for approving the terms and conditions of credit facilities. The Principal Credit Committee considers projects and makes decisions on total credit amounts exceeding U.S.$1,000,000 per customer group and on non-collateralised loans exceeding U.S.$100,000.

Small Credit Committee

As at the date of this Prospectus the members of the Small Credit Committee are as follows:

Name	Position
Marzhan Aitzhanova	Deputy Head of Credit Risks Department
Saken Abdykerimov	Deputy Head of Business Development Department
Aigul Dzhaniyazova	Head of Legal Department
Bakhytzhan Omarov	Head of Bad Loans Division
Elena Sapargaliyeva	Head of Assets and Liabilities Management Division

The Small Credit Committee is responsible for implementation of the credit policy of the Bank in respect of the small and medium-sized businesses and for approving the terms and conditions of credit facilities. The Small Credit Committee considers projects and makes decisions on total credit amounts not exceeding U.S.$1,000,000 per customer group and on non-collateralised loans not exceeding U.S.$100,000.

Tariffs Committee

As at the date of this Prospectus the members of the Tariffs Committee are as follows:

Name	Position
Gulmira Dzhumadillayeva	Deputy Chairman of the Board
Rymzhan Rakhimzhanov	Head of Main Operations Department
Kairat Kaliyev	Head of Trade Finance Division
Bakhyt Aknazarov	Deputy Head of Corporate Business Department
Oleg Anashev	Head of Bank Cards Department

The Tariffs Committee is responsible for implementing the Bank's internal policy aimed at improving interest and tariff rates and non-interest income in connection with banking transactions, as well as the execution of the Bank's tariff policy. Members of the Tariffs Committee are appointed by the Management Board for indefinite terms.

The Information Technology Committee

As at the date of this Prospectus, the members of the Information Technology Committee are as follows:

Name	Position
Yuii Em	Chairman of the Committee
Andrei Chuchelov	Deputy Chairman of the Committee
Elena Kirilenko	Head of Operation Risk Department
Kuanysh Koisariyev	Head of Banking Technologies Department
Oleg Anashev	Head of Bank Cards Department
Oleg Bekbatyrov	Head of Internal Security Department
Yerlan Sartbayev	Head of Credit Administration Department
Ozat Baiserkeyev	Head of Business Development Department
Rymzhan Rakhimzhanov	Head of Main Operations Department
Aidyn Tairov	Head of Accounting Department

The Information Technology Committee is responsible for the strategic development of the Bank's information technology systems as well as acquisition and implementation of new information systems and policy making in relation to information technology development to enhance the Bank's internal efficiency. Members of the Information Technology Committee are appointed by the Chairman of the Management Board for indefinite terms.

The Budget Committee

The Budget Committee was created in 2004 but at that time its powers and the volume of activity controlled by it were very limited. Since the second half of 2005, the Budget Committee controls an increasing volume of the Bank's activities and is considered to be one of the major committees of the Bank. Its main functions are the control and coordination of budgeting activities and the approval of the planned financial performance of the Bank.

As at the date of this Prospectus, the members of the Budget Committee are as follows:

Name	Position
Tlegen Sagindyk	Chairman of the Committee
Gulmira Dzhumadillayeva	Deputy Chairman of the Board
Zhanar Kairanova	Deputy Chairman of the Board
Bagytzhan Kozhrakov	Head of Strategic and Budget Planning Department
Aidyn Tairov	Head of Accounting Department

Dissolved Committees

Upon the resolution of the Board of Directors dated 16 June 2006 the Internal Audit Committee was dissolved, currently the Department of internal audit reports directly to the Board of Directors.

The Bad Debt Committee also ceased to function upon the resolution of the Management Board dated 15 March 2006 when a new procedure was adopted that did not require such a committee. Currently the functions of the Bad Debt Committee are performed by the Bad Debt Department.

Service Contract

All of the members of the Management Board have entered into service agreements with the Bank which, among other things, provide standard employment terms. Under the service agreements, employment can typically be terminated upon a 30-day notice period. Such service agreements do not provide for any severance benefits upon termination of employment.

Management Remuneration

The aggregate remuneration and other benefits paid to the Management Board and Board of Directors of the Bank for the six months ended 2006 was KZT 74.2 million compared to KZT 113.8 million for the year ended 31 December 2005.

Conflict of Interest

There are no potential conflicts of interest between any duties of the members of the Board of Directors and the Management Board towards the Bank and their private interests and/or other duties.

SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

As at 30 June 2006, the Bank's issued and outstanding paid-in capital was KZT 10 billion (1,000,000 shares including 864,480 common shares and 135,520 preferred shares each having a nominal value of KZT 10,000). Each common share is entitled to one vote, however for preceding years no dividend was paid and all profit was routed to the capitalisation of the Bank. Preferred shares carry a cumulative dividend of a minimum of 10 per cent. of the share's nominal per annum. In 2004, pursuant to the resolution of the General Shareholder Meeting held on 26 May 2004 it was decided to set the guaranteed amount of dividend on the level of KZT 1,000 per share. The Bank declared and paid dividends on preferred shares of KZT 135,520 thousand in respect of the year ended 31 December 2005 (compared to KZT 100,000 thousand in respect of the year ended 31 December 2004). Preferred shares of the Bank do not have voting rights unless the Bank fails to make payment of dividends.

The Bank's common shares and preferred shares are listed on the ''A'' list of the Kazakhstan Stock Exchange. Among the Bank's shareholders are various industrial companies, pension funds, private investors, members of the Management Board and Board of Directors of the Bank.

The Shareholder structure of the Bank was as follows as at 1 September 2006:

	Number of Common Shares	Percentage of Common Shares
Bank's Shareholders		
A-Holding LLP (commerce and mediation activity)(1)	86,333	9.99
JSC Almaty Sakhar (Sugar refinery)(1)	86,330	9.99
Alma-TV JSC (Telecommunication)(1)	86,143	9.96
JSC Sakharny Center (Sugar refinery)(1)	84,177	9.74
JSC Alma Tour (Tourism)(1)	73,916	8.55
JSC Company Novy Mir Limited (commerce and mediation activity)(1)(2)	66,990	7.75
Management of Bank(3)	47,354	5.48
Private persons(2)	112,051	12.96
Other minority shareholders(4)	221,186	25.59
Total:	**864,480**	**100.0**

(1) Rahat Aliyev, the son in law of the President of Kazkahstan, Mr. Nazarbayev, controls directly or indirectly more than 50.0 per cent. of the common voting shares of the Bank. He generally supports the strategy set forth by the management of the Bank and does not have any formal or informal agreements with any other shareholders. Mr. Aliyev is represented on the Board of Directors of the Bank by Mr. Talgat Dzhumadillayev — Chairman of the Board, and Executive Director of JSC KazMunaiGas. Mr. Aliyev has no plans to increase or decrease his shareholding in the Bank in the near future.

(2) Rashid Sarsenov indirectly controls 25.0 per cent. of the common shares of the Bank. He also supports the strategy set forth by the management of the Bank and does not have any formal or informal agreements with any other shareholders. Mr. Sarsenov is represented on the Board of Directors of the Bank by Mr. Sagyn Krymkulov, General Director of JSC MangistauMunaiGaz. As a major shareholder, controlling indirectly more than 10 per cent. of the common shares of the Bank, Mr. Sarsenov has a right to convene extraordinary meetings of shareholders, to propose additional items to the agenda of a general shareholders' meeting, to convene meetings of the Board of Directors and to call for an independent audit of the Bank at its own expense. However, the status of major shareholder imposes additional obligations, such as reporting to authorised bodies and responsibility for the financial condition of the Bank.

(3) Abilmazhen Gilimov, the Chairman of the Board, controls directly or indirectly approximately 10 per cent. of the common voting shares of the Bank (2.7 per cent. directly and 7.3 per cent. indirectly). Dzhumadillayeva Gulmira, the Deputy Chairman of the Board holds 2.8 per cent. of the common voting shares of the Bank.

(4) Includes the aggregate number and total percentage of common shares held by Minority Shareholders whose individual equity interest in the Bank are less than 5 per cent.

Save as disclosed above there have been no changes in the shareholder structure of the Bank since 1 September 2006.

TRANSACTIONS WITH RELATED PARTIES

As at the dates indicated, the Bank had the following outstanding transactions with related parties:

	Six months ended 30 June 2006		
	Shareholders	Associates	Key management personnel
	(KZT thousands) (unaudited)		
Loans outstanding, gross, beginning of the period	80,000	—	16,993
Loans issued during six months	4,303,074	—	45,581
Loan repayments during six months	(4,363,074)	—	(26,371)
Loans outstanding, gross, ending of the period	20,000	—	36,203
Less: allowance for impairment	—	—	(1,566)
Loans outstanding, net, ending	20,000	—	34,637
Interest income on loans	46,953	—	730
(Impairment)/reversal of impairment of loans	—	—	(1,547)
Deposits, beginning of the period	21,700	14,400	18,240
Deposits received during six months	1,991,543	111,600	89,686
Deposits repaid during six months	(1,898,968)	(126,000)	(91,605)
Deposits, ending of the period	114,275	—	16,321
Interest expense on deposits	(4,315)	(1,727)	(665)
Fee and commission income	49,348	—	80
Other operating expenses	(2,487)	—	—

As of December 31, 2005 and 2004 the Bank had the following transactions with related parties:

	Years ended 31 December					
	2005			2004		
	Shareholders	Associates	Key management personnel	Shareholders	Associates	Key management personnel
	(KZT thousands) (audited)			(KZT thousands) (audited)		
Loans outstanding at January 1, gross	165,167	—	—	259,922	—	—
Loans issued during the year	2,066,604	—	25,161	201,167	—	—
Loan repayments during the year	(2,151,771)	—	(8,168)	(295,922)	—	—
Loans outstanding at 31 December, gross	80,000	—	16,993	165,167	—	—
Less: allowance for impairment at 31 December	—	—	(19)	—	—	—
Loans outstanding at 31 December, net	80,000	—	16,974	165,167	—	—
						—
Interest income on loans	28,590	—	1,899	6,036	—	—
Impairment of loans	—	—	(19)	-	—	—
Deposits at 1 January	13,000,000	28,600	3,900	5,893,161	28,000	4,327
Deposits received during the year	144,652,951	98,125	26,533	488,908,121	174,750	4,875
Deposits repaid during the year	(157,631,251)	(112,325)	(12,193)	(481,801,282)	(174,150)	(5,302)
Deposits at 31 December	21,700	14,400	18,240	13,000,000	28,600	3,900
Interest expense on deposits	(66,412)	(2,937)	(1,358)	(302,259)	(2,487)	(327)
Fee and commission income	121,691	635	16	90,803	347	—
Other operating expenses	(2,134)	—	—	—	—	—

Related parties are considered to include shareholders, affiliates and entities under common ownership, control or management of the Bank, or whose activities the Bank has an ability to control. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

All transactions with related parties outstanding at the dates indicated above were made in the normal course of business and at arm's length.

THE BANKING SECTOR IN KAZAKHSTAN

Introduction

Since mid-1994 Kazakhstan has adhered to a strict macro-economic stabilisation programme, combining tight budgetary discipline, stringent monetary policy and structural economic reforms, which has sharply reduced inflation and lowered interest rates, thereby fostering an efficient, stable banking sector that, for the most part, has avoided the series of financial crises that have adversely affected Russia and other emerging market countries. The financial sector, which is dominated by private commercial banks, has been one of the fastest growing sectors in Kazakhstan. This growth has been facilitated by a favourable macroeconomic environment, which has resulted from early and continuing structural reforms, a cautious fiscal stance and consistently strong revenues. In particular, the Government and the NBK have undertaken structural reforms in the banking sector, aimed at promoting consolidation and improving the overall viability of the system.

NBK and FMSA

The NBK is the central bank of Kazakhstan and although it is an independent institution, it is subordinate to the President. The President has the power, among other things, to appoint (with the approval of Parliament) and remove the NBK's Governor, to appoint and remove the NBK's Deputy Governors, to confirm the annual report of the NBK on the recommendation of the Governor, to confirm the concept and design of the national currency, and to request information from the NBK. Anvar Saydenov was appointed Governor of the NBK in 2004 for a 6 year term.

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 Governor, five other representatives of the NBK, a representative of the President and two representatives of the Government.

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 of the securities market. The FMSA is empowered, among other things, to license financial institutions, to approve prudential standards for them, to approve, jointly with the NBK, the scope of financial reporting for financial institutions and to monitor the activities of, to apply sanctions where necessary to, and to participate in the liquidation of, financial institutions.

Banking

Structure of the Banking System of Kazakhstan

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, or prior to 2004, by the NBK.

Banking Reform and Supervision

Reform of the banking sector started in 1995 with the introduction of international prudential standards, including capital adequacy requirements and liquidity ratios to regulate and protect the banking system, 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 install internal risk management systems.

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 applies regulations on problem asset classification and contingent obligations (similar to the World Bank's Guidelines for Asset Classifications) and loan loss reserves.

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. The FMSA, which currently includes what was the NBK's Banking Supervision Department, will continue to focus on ensuring financial solvency and protection of depositors while encouraging banks to diversify their activities in the financial services sector (for example, by managing pension and investment funds and establishing leasing and insurance companies).

In September 1995, the NBK introduced international prudential standards such as capital adequacy requirements and liquidity ratios to regulate and protect the banking system. In December 1999, a self-funded domestic deposit insurance scheme was established and as at 30 June 2005, 34 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 and operates on a sliding scale of coverage up to a maximum amount per customer at any given bank. As of 2004, only banks participating in the deposit insurance scheme are authorised to open accounts and take deposits from private individuals.

On 3 June 2002, the NBK adopted a resolution, ''On approval of rules on prudential norms for the second tier banks'', which was amended by the NBK in November 2002, March 2003 and May 2003, and by the Association of Kazakhstan Financiers in February 2004 and June 2004. The resolution set limits and rules for calculating capital adequacy, single party exposure, liquidity ratios and open currency positions amongst other matters. Currently, the approval of prudential rules as well as supervision of their fulfilment is the responsibility of the FMSA. The NBK also works closely with the FMSA and the banks to enhance the overall viability and solvency of the banking system.

Current legislation requires the FMSA to approve any acquisition of a shareholding of 10 per cent. or more (whether held independently or jointly with another legal entity) in a Kazakhstan bank. Furthermore, a foreign entity holding 10 per cent. or more of a Kazakhstan bank must have a credit rating at least equal to that of the Republic of Kazakhstan.

On 22 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 included rules for calculating risk with respect to derivatives. Further, the new regulations established lower capital adequacy ratios for banks (one of whose shareholders is a bank holding company) which are 5 per cent. for the K1 ratio (compared to a generally applicable ratio of 6 per cent.) and 10 per cent. for the K2 ratio (compared to a generally applicable ratio of 12 per cent.). A bank holding company is an entity, whether domestic or foreign, that owns more than 25 per cent. of the voting shares of a Kazakh bank and has received the FMSA's permission to be a bank holding company. Separately, the FMSA introduced more stringent requirements for internal risk management and supervision on a consolidated basis (for banks and bank holding companies).

Commercial Banks

According to the FMSA, as at 1 June 2006, there were 34 banks in Kazakhstan, excluding the DBK and the NBK, compared to 35 as at 1 June 2005 and 184 in mid-1994. This decrease is largely a result of the NBK's stringent policy towards increased capitalisation and liquidity of the banking system. The general reduction in the number of banks has largely been at the expense of small- and medium-sized banks.

In November 2001, the Government divested its remaining 33 per cent. stake in Halyk Savings Bank, by means of privatisation through a public auction. In February 2004, the entire share capital of EximBank Kazakhstan, formerly a state-owned bank, was sold by tender to a consortium of 11 members for KZT 2.1 billion. In June 2005, the banking licence granted to JSC Nauryz Bank was terminated by the FMSA, and currently JSC Nauryz Bank is in the process of liquidation as required by a court ruling in November 2005. On 24 December 2005, the FMSA adopted a resolution to suspend the banking licence granted to JSC Industrial Bank of Kazakhstan for six months due to violations of prudential standards.

The financial standing of Kazakhstan's banks varies. As at 30 June 2006, 22 of the 34 commercial banks (excluding the NBK and the DBK) had registered capital of over KZT 2 billion, 11 banks had registered capital of

KZT 1 billion to KZT 1.5 billion and 1 bank had registered capital of KZT 500 million to KZT 1 billion. There are no banks with registered capital of less than KZT 500 million; any bank whose capital falls below that level is required to apply to the FMSA for voluntary reorganisation into an organisation performing only limited banking operations.

Kazkommertsbank was established in July 1990 and is the largest bank in Kazakhstan in terms of assets and shareholders' equity, with a focus on the corporate and retail banking sectors. As at 1 June 2006, Kazkommertsbank was the largest private bank by assets and the second largest private bank in terms of equity in Kazakhstan. Kazkommertsbank is part of a group which includes a number of banks, joint ventures and investment companies and has a number of substantial investments in industrial companies.

Bank TuranAlem resulted from a merger initiated by the Government of Kazakhstan between two state-owned banks, Turan Bank and Alem Bank, in April 1997. The Government's interest in TuranAlem was sold by auction in March 1998 for U.S.$72 million to a group of investors from Kazakhstan. As at 1 June 2006, TuranAlem was the second largest private bank by assets and the largest private bank in terms of equity in Kazakhstan.

The extensive branch network of Halyk Bank makes it one of the Bank's major competitors in the retail banking market. As at 1 June 2006, Halyk Savings Bank was the third largest bank in Kazakhstan in terms of total assets and is also a leading participant in the primary domestic securities market.

In 2001, the Government established the DBK to provide medium- and long-term financing and otherwise facilitate industrial projects in Kazakhstan. The DBK was established with a charter fund of KZT 30 billion. Within the commercial banking sector, the DBK is not considered a competitor of the Bank as it is not licensed to accept commercial or retail deposits or to provide corporate settlement services. The Bank expects that the DBK may become an important competitor in the corporate lending sector. The DBK is not treated as a commercial bank for the purposes of market share data and ranking in this Prospectus.

Foreign Capital in the Banking Sector

The liberalisation of the economy in Kazakhstan in recent years has resulted in a number of foreign companies, including banks, establishing operations in Kazakhstan through direct investment or otherwise participating in the banking and financial services sector. A foreign bank may not open a branch in Kazakhstan. Accordingly, foreign banks must establish a Kazakh subsidiary or joint venture in order to operate as a bank in Kazakhstan.

As at 1 June 2006, there were 14 banks with foreign participation operating in Kazakhstan, including ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Kazakhstan. Under relevant legislation, "a bank with foreign participation" is defined as a bank with more than one-third foreign ownership and control. Banks with less than one-third foreign ownership are considered domestic banks.

According to Kazakhstan regulations that existed prior to December 2005, the aggregate registered capital of banks with foreign participation could not exceed 50 per cent. of the aggregate registered capital of all Kazakhstan banks. However, this restriction was eliminated entirely as part of recent banking legislation reform and part of Kazakhstan's efforts to bring its legislation in line with WTO standards.

A number of foreign banks have opened representative offices in Kazakhstan, including Dresdner Bank AG, Deutsche Bank AG, American Express Bank Ltd., Commerzbank AG, ING Bank N.V., Bankgesellschaft Berlin and Société Generale.

While foreign-owned banks do not currently provide significant domestic competition and are not active in the retail banking sector, the Bank believes that such banks, some of which may have significantly greater resources and a cheaper funding base than the Bank, will, together with the larger local banks, become the Bank's primary long-term competitors in the corporate banking sector. Foreign banks also bring international experience in servicing customers and target the best corporate customers of the Kazakhstan banks as well as foreign companies operating in Kazakhstan.

Citibank Kazakhstan was established in 1998, and as at 30 June 2006 was the thirteenth biggest foreign ownership bank in terms of equity. Citibank Kazakhstan has been aggressively increasing its market share in corporate banking. Citibank Kazakhstan is expected to be a major long-term competitor of the Bank, particularly with respect to lending.

ABN AMRO Bank Kazakhstan was established in 1994, and as at 30 June 2006, was the twelfth biggest foreign ownership bank in terms of equity. The Bank believes that ABN AMRO Kazakhstan will be a major competitor of the Bank's in the future, particularly with respect to corporate banking and capital markets activities.

HSBC Kazakhstan was established in Kazakhstan in 1999, and as at 30 June 2006 was the fourteenth biggest foreign ownership bank in terms of equity. Management expects HSBC Kazakhstan to be a major competitor of the Bank particularly with respect to the lending to local corporate and SME businesses.

Reserve requirements

On 27 May 2006 the NBK established new regulations On Minimal Reserve Requirements. Minimal reserve requirements are defined as the portion of the gross amount of a bank's obligations which such bank must keep in cash in Tenge and in freely convertible currency in correspondent accounts with the NBK. To define the minimal reserve requirements for each bank the NBK has established the norms of minimal reserve requirements. For this purpose, the obligations of every bank are divided into internal obligations and other obligations. Internal obligations include obligations of residents and other obligations include obligations of non-residents. The NBK establishes the norms of minimal reserve requirements for internal obligations and other obligations separately.

Effective as of 13 July 2006, the NBK has implemented new measures to raise reserve requirements for Kazakhstan banks in an effort to limit foreign currency debt issuances because of concerns about currency mismatches among second tier banks who have significant liabilities in dollars although they lend predominantly in Tenge. The new rules will increase reserve requirements for borrowings from non-residents and borrowings through the issuance of notes and subordinated debt instruments (irrespective of residence) to 8 per cent. from 6 per cent.; the rate applied for borrowings from residents will remain at 6 per cent. In common with the other major banks in the country, a significant proportion of the Bank's funding is in dollars from syndicated loans and the capital markets, and so the new minimum reserve requirements may have an impact on the Bank's profitability once the Bank increases its reserve amounts with the NBK to cover its foreign funding operations.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. Except as otherwise indicated, this description only addresses tax legislation in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Kazakhstan Taxation

The following is a general summary of Kazakhstan tax consequences as at the date hereof in relation to payments made under the Notes and in relation to the sale or transfer of Notes. It is not exhaustive and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Notes.

Under Kazakhstan law as presently in effect, payments of principal and interest on the Notes to an individual who is a non-resident of Kazakhstan or to a legal entity that is neither established in accordance with the legislation of Kazakhstan, nor has its actual governing body (place of actual management) in, nor maintains a permanent establishment in, Kazakhstan and otherwise has no taxable presence in Kazakhstan (together, ''Non-Kazakhstan Holders'') will not be subject to taxation in Kazakhstan, and no withholding of any Kazakhstan tax will be required on any such payments.

Interest payable by NurFinance B.V. to residents of Kazakhstan or to non-residents who maintain a registered permanent establishment in Kazakhstan (together, ''Kazakhstan Holders''), other than individuals, will be subject to Kazakhstan income tax. As from 1 January 2007, such interest will not be subject to Kazakhstan income tax, if the Notes are purchased on the special trade platform (the ''Special Trade Platform'') of the regional financial centre of the city of Almaty.

In addition, gains realised by Non-Kazakhstan Holders derived from the disposal, sale, exchange or transfer of the Notes will not be subject to Kazakhstan income or profits tax. Effective from 1 January 2007, in the case of Notes admitted to the Special Trade Platform, such gains will not be subject to Kazakhstan income tax if the sale is made on the Special Trade Platform.

Payments of interest from the Bank to the Issuer to fund the Issuer's obligations to make payments under the Notes will be subject to Kazakhstan withholding tax at the rate of 15 per cent. Such interest may be reduced under the Kazakhstan-Netherlands Tax Treaty to a rate of 10 per cent, although there can be no assurance that such relief will be obtained.

Payments of interest under the Guarantee to Non-Kazakhstan Holders or Kazakhstan Holders, other than individuals, banks resident in Kazakhstan, Kazakhstan investment funds, accumulative pension funds, or, effective from 1 January 2007, with respect to the Notes purchased on the Special Trade Platform, will be subject to withholding of Kazakhstan tax at a rate of 15 per cent., and payment of fees and commissions will be subject to withholding of Kazakhstan tax at a rate of 20 per cent., unless reduced or made exempt by an applicable double taxation treaty. The Bank will agree in the Trust Deed and the Guarantee to pay Additional Amounts (as defined in the Terms and Conditions of the Notes) in respect of any such withholding, subject to certain exceptions set out in full in ''Terms and Conditions of the Notes — Condition 10''. Payments, if any, under the Guarantee to a Noteholder entitled to the benefits of a Kazakhstan Tax Treaty may be subject to a reduced rate of withholding tax. For example, Noteholders entitled to the benefits of the Kazakhstan Tax Treaty with Germany, Italy, Sweden or the United Kingdom would be entitled to a reduced rate of withholding tax of 10 per cent.

The Netherlands Taxation

Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, provided that none of the Notes will, *de iure* or *de facto,* carry interest or any other payment dependent on the profits or on the distribution of profits of the Issuer or an affiliated entity (statutorily defined term) or, in the event the Notes will carry such interest or payment, such Notes will, *de iure* or *de facto,* have a fixed maturity that does not exceed ten years and that will not be extended to a date more than ten years after the date of the issue of the Notes.

Taxes on income and capital gains

This paragraph does not describe the Dutch tax consequences of the acquisition, holding and disposal of the Notes if a holder of Notes or, in the event the holder is an individual, individuals related to such holder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest (statutorily defined terms) in the Issuer. Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his/her partner (a statutorily defined term), directly or indirectly, holds an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or holds rights to acquire, directly or indirectly, such interest; or holds certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Residents of The Netherlands

Generally speaking, if the holder of a Note is an entity that is a resident or deemed to be resident of The Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is subject to a 29.6 per cent. corporate income tax rate (a corporate income tax rate of 25.5 per cent. applies with respect to taxable profits up to €22,689, the first bracket for 2006).

A Dutch qualifying pension fund is in principle not subject to Dutch corporate income tax. A qualifying Dutch investment fund *(''fiscale beleggingsinstelling'')* is subject to corporate income tax at a special rate of zero per cent.

If a holder of a Note is an individual, resident or deemed to be resident of The Netherlands for Dutch income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of the Dutch income tax act 2001 as they apply to residents of The Netherlands), any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52 per cent.), if:

a. the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being a shareholder, as defined in the Dutch income tax act 2001; or

b. the holder of a Note is considered to perform activities with respect to the Notes that go beyond ordinary asset management *(''normaal vermogensbeheer'')* or derives benefits from the Notes that are (otherwise) taxable as benefits from other activities *(''resultaat uit overige werkzaamheden'')*.

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of a Note, such holder will be taxed annually on a deemed income of 4 per cent. of his or her net investment assets for the year at an income tax rate of 30 per cent. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. The Notes are included as investment assets. A tax free allowance may be available. Actual benefits derived from the Notes are as such not subject to Dutch income tax.

Non-residents of The Netherlands

A holder of Notes will not be subject to Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes, provided that:

a. such holder is neither resident nor deemed to be resident of The Netherlands nor has made an election for the application of the rules of the Dutch income tax act 2001 as they apply to residents of The Netherlands; and

b. such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in The Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

c. in the event the holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the Notes that go beyond ordinary active asset management *(''normal vermogensbeheer'')* and does not derive benefits from the Notes that are (otherwise) taxable as benefits from other activities in The Netherlands *("resultaat uit overige werkzaamheden")*.

A holder of a Note will not become subject to taxation on income and capital gains in The Netherlands by reason only of the execution, delivery and/or enforcement of the Notes or the performance by the Issuer of its obligations under the Notes.

Gift and estate taxes

Residents of The Netherlands

Gift, estate or inheritance taxes will arise in The Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of The Netherlands at the time of the gift or his or her death.

Non-residents of The Netherlands

No Dutch gift, estate or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in The Netherlands, unless:

a. such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Notes are or were attributable; or

b. in the case of a gift of a note by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

For purposes of Dutch gift, estate and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Other taxes and duties

No Dutch VAT and no Dutch registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of Notes in respect or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuers under the Notes.

EU Directive on the Taxation of Savings Income

The EU has adopted a Directive (2003/48/EC) regarding the taxation of savings income. From 1 July 2005, EU member states are required to provide to the tax authorities of other EU member states details of payments of interest and other similar income paid by a person within its jurisdiction to an individual in another EU member state, except that Austria, Belgium and Luxembourg impose a withholding system for a transitional period (unless during such period they elect otherwise). A number of third countries and territories have adopted similar measures.

SUBSCRIPTION AND SALE

HSBC Bank plc and ING Bank N.V., London Branch (together the "Joint Lead Managers") have, in a subscription agreement dated 16 October 2006 (the "Subscription Agreement") and made between the Issuer, the Bank and the Joint Lead Managers upon the terms and subject to the conditions contained therein, agreed to subscribe and pay for the Notes at their issue price of 98.543 per cent. of their principal amount less a combined management, underwriting and selling commission of 0.5 per cent. of their principal amount. The Issuer and the Bank have also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States

The Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Joint Lead Managers 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 Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or 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 Notes in, from or otherwise involving the United Kingdom.

Republic of Kazakhstan

Each of the Joint Lead Managers 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 Notes 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.

Russian Federation

Each of the Joint Lead Managers has represented and agreed that it has not offered and sold or otherwise transferred and will not offer or sell or otherwise transfer as part of their initial distribution or at any time thereafter any Notes to or for the benefit of any person (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation, unless to the extent otherwise permitted by Russian law.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Bank or by other of the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Bank and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and traded on the regulated market of the Luxembourg Stock Exchange.

2. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg. The common code is 026969824 and the International Securities Identification Number is XS0269698246.

3. The Issuer and the Bank have obtained all necessary consents, approvals and authorisations in connection with the issue, offer and sale of, and the performance of, the Notes and in connection with the giving and performance of the Guarantee.

4. The creation and issue of the Notes was authorised by resolution of a duly authorised meeting of the Managing Board of the Issuer dated 12 October 2006 and by a resolution of the General Shareholders' Meeting of the Issuer, held on 12 October 2006.

5. The Guarantee was authorised by the Bank by a decision of its Board of Directors on 5 October 2006.

6. There are, and have been during the 12 months preceding the date of this Prospectus, no governmental, legal or arbitration proceedings against the Issuer the Bank or the Bank's subsidiaries (and in respect of the Issuer since 31 July 2006) which may have, or have had in the recent past, significant effects on the Issuer's or the Bank's financial position or profitability, nor is the Issuer or the Bank aware of any pending or threatened proceedings of such kind.

7. Save as disclosed in the footnotes to the capitalisation table appearing on page 48 of this Prospectus, since 31 December 2005, there has been (a) no significant change in the financial or trading position of the Bank and its subsidiaries taken as a whole and (b) no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), general affairs or prospects of the Bank or the Bank's subsidiaries that is material in the context of the issue of the Notes and the giving of the Guarantee.

8. Since 31 July 2006, there has been (a) no significant change in the financial or trading position of the Issuer and (b) no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), general affairs of the Issuer that is material in the context of the issue of the Notes and the giving of the Guarantee.

9. For so long as any of the Notes is outstanding, copies of the following documents may be inspected during normal business hours at the Specified Office of the Principal Paying and Transfer Agent, namely:

   (a) the Trust Deed (which contains the forms of the Notes in global and definitive form); and

   (b) the Paying Agency Agreement.

10. For so long as any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the Specified Office of the Principal Paying and Transfer Agent, namely:

    (a) the audited consolidated financial statements of the Bank for the years ended 31 December 2005 and 2004, prepared in accordance with IFRS and the unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2006 and 2005, prepared by the Bank in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting";

    (b) the unaudited interim consolidated financial statements of the Bank for the first six months ended 30 June 2006 and 2005, prepared in accordance with IFRS; and

    (c) the latest publicly available audited consolidated annual and unaudited interim financial statements (if any) of the Issuer, prepared in accordance with Dutch GAAP.

    (d) the constitutional documents of the Issuer and the Guarantor.

11. The Bank's independent auditors are Ernst & Young LLP, acting as auditors under the licence No. 0000003 dated 15 July 2005 issued by the Ministry of Finance of the Republic of Kazakhstan, located at 240G Furmanov Street, Almaty 050059 Kazakhstan, and they are a member of the Chamber of Auditors of Kazakhstan, the professional body which oversees audit firms in Kazakhstan. The Bank's audited consolidated financial statements for the years ended 31 December 2005 and 2004 were audited by Ernst & Young LLP and for the six months ended 30 June 2006 and 2005 were reviewed by Ernst & Young LLP. The Bank does not publish unconsolidated financial statements prepared in accordance with IFRS. The Bank

is not required to publish interim financial statements in accordance with IFRS. The Bank does not intend to publish interim financial statements in the future, although to the extent that it does, such interim financial statements will be made available at the specified office of the Principal Paying and Transfer Agent.

12. None of the Bank, the Issuer, or any of their subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer of the Bank is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Bank and its subsidiaries.

13. The Issuer's independent auditors are Mazars Paardekooper Hoffman, Rotterdam, The Netherlands, members of Koninklijk Nederlands Instituut van Registeraccountants. The Issuer's results are consolidated in the Bank's consolidated financial statements. Mazars Paardekooper Hoffman has given and not withdrawn its written consent to the distribution of this Prospectus with the inclusion herein of references to its name in the form and context in which these appear.

14. The total fees and expenses in connection with the issue of the Notes were U.S.$546,500.

INDEX TO FINANCIAL STATEMENTS

JSC Nurbank

Consolidated Financial Statements

December 31, 2005
together with Report of Independent Auditors

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REPORT OF INDEPENDENT AUDITORS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and the Board of Directors of Nurbank –

We have audited the accompanying consolidated balance sheets of Nurbank and its Subsidiaries (together the "Bank") as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank as of December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

March 10, 2006
Almaty, Kazakhstan

CONSOLIDATED BALANCE SHEET

(Thousands of Kazakhstani Tenge)

	Notes	Years ended December 31, 2005	2004 (restated)
Assets			
Cash and cash equivalents	5	**23,060,242**	10,674,410
Obligatory reserves	6	**1,344,789**	1,438,489
Financial assets at fair value through profit or loss	7	**9,921,757**	589,991
Amounts due from credit institutions	8	**3,888,750**	673,008
Available-for-sale securities	9	**5,276,421**	5,951,583
Loans to customers	10, 11	**73,491,978**	67,485,041
Investments in associates	12	**131,478**	108,850
Property and equipment	14	**3,055,164**	1,757,094
Intangible assets	15	**229,607**	179,912
Reserves for insurance claims, reinsurance share		**25,538**	7,874
Other assets		**1,056,663**	523,954
Total assets		**121,482,387**	89,390,206
Liabilities			
Amounts due to the Government	16	**81,119**	168,020
Amounts due to credit institutions	17	**23,158,196**	20,873,492
Amounts due to customers	18	**46,492,311**	48,795,376
Debt securities issued	19	**36,154,346**	8,286,137
Reserves for insurance claims		**196,269**	199,486
Provisions	11	**83,842**	75,683
Net deferred tax liabilities	13	**223,569**	28,420
Other liabilities		**1,053,162**	403,227
Total liabilities		**107,442,814**	78,829,841
Shareholders' equity			
Share capital			
- common shares	20	**5,120,000**	4,000,000
- preferred shares	20	**1,000,000**	1,000,000
Additional paid-in capital		**100**	100
Securities revaluation reserve		**(167,058)**	(122,439)
Property and equipment revaluation reserve		**494,728**	–
Retained earnings		**7,389,928**	5,536,511
Total equity attributable to shareholders of the Bank		**13,837,698**	10,414,172
Minority interest		**201,875**	146,193
Total shareholders' equity		**14,039,573**	10,560,365
Total liabilities and shareholders' equity		**121,482,387**	89,390,206
Financial commitments and contingencies	21		

Signed and authorized for release on behalf of the Board of the Bank

Gilimov K. Abilmazhen — Chairman of the Board

Tairov A. Aidyn — Chief Accountant

March 10, 2006

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(Thousands of Kazakhstani Tenge)

	Notes	*Years ended December 31,* 2005	2004 (restated)
Interest income			
Loans		**9,416,402**	7,952,949
Securities		**583,150**	743,512
Credit institutions		**444,319**	133,454
		10,443,871	8,829,915
Interest expense			
Deposits from customers		**(2,071,437)**	(1,890,443)
Deposits and loans from credit institutions		**(1,564,282)**	(891,129)
Debt securities		**(2,648,321)**	(812,693)
		(6,284,040)	(3,594,265)
Net interest income before impairment		**4,159,831**	5,235,650
Reversal/(impairment) of interest earning assets	11	**784,352**	(1,797,897)
Net interest income		**4,944,183**	3,437,753
Fee and commission income	22	**1,495,700**	1,537,482
Fee and commission expense	22	**(329,565)**	(372,961)
Fees and commissions		**1,166,135**	1,164,521
Gains less losses from financial assets at fair value through profit or loss		**(29,220)**	(39,952)
Gains less losses from available-for-sale securities		**37,151**	275,458
Gains less losses from foreign currencies:			
- dealing		**168,841**	(322,755)
- translation differences		**21,405**	406,042
Share of income from associates	12	**22,628**	8,344
Insurance underwriting income	23	**247,350**	202,196
Insurance underwriting expense	23	**(112,243)**	(168,595)
Other income	24	**62,425**	172,185
Non interest income		**418,337**	532,923
Salaries and other employees benefits	25	**(1,699,199)**	(1,127,615)
Depreciation and amortisation	14, 15	**(342,151)**	(252,735)
Taxes other than income tax	26	**(187,553)**	(98,930)
Administrative and operating expenses	25	**(2,115,041)**	(1,557,093)
Other provisions/(reversal of provision)	11	**(8,159)**	94,493
Non interest expense		**(4,352,103)**	(2,941,880)
Income before income tax expense		**2,176,552**	2,193,317
Income tax expense	13	**(167,453)**	(285,788)
Net income after income tax		**2,009,099**	1,907,529
Attributable to:			
Equity holders of the parent		**1,953,417**	1,903,410
Minority interest in net income		**55,682**	4,119
Basic earnings per share (in Kazakhstani Tenge)	27	**3,904**	5,340
Diluted earnings per share (in Kazakhstani Tenge)	27	**3,530**	5,315

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Kazakhstani Tenge)

	Attributable to shareholders of the Bank								
	Share Capital-Common Shares	*Share Capital-Preferred Shares*	*Additional Paid-in Capital*	*Securities Revaluation Reserve*	*Property and Equipment Revaluation Reserve*	*Retained Earnings (restated)*	*Total*	*Minority Interest*	*Total Shareholders' Equity*
December 31, 2003	2,665,000	600,000	–	54,711	–	3,729,101	7,048,812	–	7,048,812
Fair value change of available-for-sale securities, net of tax	–	–	–	27,372	–	–	27,372	–	27,372
Realised fair value change of available-for-sale securities	–	–	–	(204,522)	–	–	(204,522)	–	(204,522)
Total expense recognized directly in equity	–	–	–	(177,150)	–	–	(177,150)	–	(177,150)
Net income (restated)	–	–	–	–	–	1,903,410	1,903,410	4,119	1,907,529
Total income	–	–	–	(177,150)	–	1,903,410	1,726,260	–	1,730,379
Capital contributions	1,335,000	400,000	100	–	–	–	1,735,100	–	1,735,100
Dividends - preferred shares	–	–	–	–	–	(96,000)	(96,000)	–	(96,000)
Minority interest arising on acquisition of subsidiary	–	–	–	–	–	–	–	142,074	142,074
December 31, 2004 (restated)	**4,000,000**	**1,000,000**	**100**	**(122,439)**	**–**	**5,536,511**	**10,414,172**	**146,193**	**10,560,365**
Fair value change of available-for-sale securities, net of tax	**–**	**–**	**–**	**29,531**	**–**	**–**	**29,531**	**–**	**29,531**
Realised fair value change of available-for-sale securities	**–**	**–**	**–**	**(74,150)**	**–**	**–**	**(74,150)**	**–**	**(74,150)**
Revaluation of property and equipment, net of tax (*Note 13, 14*)	**–**	**–**	**–**	**–**	**494,728**	**–**	**494,728**	**–**	**494,728**
Total income and expense recognized directly in equity	**–**	**–**	**–**	**(44,619)**	**494,728**	**–**	**450,109**	**–**	**450,109**
Net income	**–**	**–**	**–**	**–**	**–**	**1,953,417**	**1,953,417**	**55,682**	**2,009,099**
Total income	**–**	**–**	**–**	**(44,619)**	**494,728**	**1,953,417**	**2,403,526**	**55,682**	**2,459,208**
Capital contributions	**1,120,000**	**–**	**–**	**–**	**–**	**–**	**1,120,000**	**–**	**1,120,000**
Dividends - preferred shares	**–**	**–**	**–**	**–**	**–**	**(100,000)**	**(100,000)**	**–**	**(100,000)**
December 31, 2005	**5,120,000**	**1,000,000**	**100**	**(167,058)**	**494,728**	**7,389,928**	**13,837,698**	**201,875**	**14,039,573**

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Kazakhstani Tenge)

	Years ended December 31,	
	2005	***2004 (restated)***
Cash flows from operating activities:		
Net income before income taxes and minority interest	**2,176,552**	2,193,317
Adjustments for:		
(Reversal)/impairment of interest earning assets	**(784,352)**	1,797,897
Other provisions/(reversal of provision)	**8,159**	(94,493)
Depreciation and amortization	**342,151**	252,735
Unrealized foreign exchange gain	**(46,069)**	(726,611)
Loss (gain) from disposal of premises and equipment	**6,423**	(14,861)
Reserves for insurance claims	**(20,881)**	108,429
Income from associate	**(22,628)**	(8,344)
Revaluation loss of premises and equipment	**10,047**	–
Gain on subsidiary acquisition	**–**	(1,510)
Loss from disposal of intangible assets	**–**	1,460
Operating income before changes in net operating assets	**1,669,402**	3,508,019
(Increase) decrease in operating assets:		
Obligatory reserves	**105,123**	(624,326)
Financial assets at fair value through profit or loss	**(9,189,222)**	(620,573)
Amounts due from credit institutions	**(3,244,951)**	779,056
Loans to customers	**(4,538,246)**	(35,102,311)
Other assets	**(502,576)**	(435,872)
Increase (decrease) in operating liabilities:		
Amounts due to the Government	**(86,901)**	(147,142)
Amounts due to credit institutions	**1,711,550**	11,110,994
Amounts due to customers	**(2,887,214)**	16,102,334
Other liabilities	**826,696**	147,849
Net cash used in operating activities before income taxes	**(16,136,339)**	(5,281,972)
Income tax paid	**(351,043)**	(330,000)
Net cash used in operating activities	**(16,487,382)**	(5,611,972)
Cash flows from investing activities		
Purchase of available-for-sale securities	**(696,124)**	(2,929,646)
Sale of available-for-sale securities	**1,472,815**	6,816,956
Purchase of premises and equipment	**(1,283,163)**	(1,309,806)
Proceeds from sale of premises and equipment	**376,308**	358,136
Purchase of intangible assets	**(92,776)**	(126,001)
Net cash acquired on acquisition of subsidiaries	**–**	71,761
Net cash (used in) provided by from investing activities	**(222,940)**	2,881,400
Cash flows from financing activities:		
Proceeds from issue of share capital	**1,120,000**	1,735,100
Dividends paid	**(100,000)**	(96,000)
Debt securities issued	**27,516,564**	3,950,287
Long-term loans received from credit institutions	**4,643,028**	3,176,055
Redemption of long-term loans received from credit institutions	**(4,103,564)**	(1,872,621)
Net cash provided by financing activities	**29,076,028**	6,892,821
Effects of exchange rates changes on cash and equivalents	**20,126**	(513,410)
Net change in cash and cash equivalents	**12,385,832**	3,648,839
Cash and cash equivalents at the beginning of the year	**10,674,410**	7,025,571
Cash and cash equivalents at the end of the year (*Note 5*)	**23,060,242**	10,674,410
Supplementary information:		
Interest received	**8,949,519**	8,375,968
Interest paid	**(5,165,022)**	(2,956,616)

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.

(Thousands of Kazakhstani Tenge)

1. Principal Activities

JSC Nurbank and its subsidiaries (the "Bank") provide retail and corporate banking, insurance, pension and asset management services in Kazakhstan. The Bank was registered as open joint stock company in 1993. Due to a change in legislation introduced in 2003, the Bank was reregistered as a joint stock company on November 9, 2004. The Bank is incorporated and domiciled in the Republic of Kazakhstan.

The Bank's primary business consists of originating loans and guarantees, attracting deposits from legal entities and individuals, trading with securities, foreign currency and derivative instruments, and credit card operations.

The address of the Bank's registered office is: 168B Zheltoksan Street, Almaty, 050013, Republic of Kazakhstan. The Bank has a primary listing in the Kazakhstani Stock Exchange (the "KASE") and certain of the Bank's debt securities issued are primarily listed on London Stock Exchange with security listing on KASE. The Bank's head office is in Almaty. As of December 31, 2005, the Bank had 15 branches, 21 cash settlement units (December 31, 2004: 12 branches, 20 cash settlements units) located throughout Kazakhstan.

The Bank had 1,196 and 937 employees as of December 31, 2005, and 2004, respectively.

As of December 31, 2005, the following shareholders owned more than 5% of the outstanding common shares.

Shareholder	**%**
Alma TV JSC	9.53
Techno Trading LTD LLP	7.81
Almatinsky Sahar JSC	7.62
Trade Pertoleum Company LLP	7.02
Alma Tur JSC	6.85
Sakharny Center JSC	5.90
Other	55.27
Total	**100.00**

2. Basis of Preparation

General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations ("SIC") approved by the International Accounting Standards Committee that remain in effect. These financial statements are presented in thousands of Kazakh tenge ("KZT" or "tenge"). The KZT is utilized as the shareholders, the managers and the regulators measure the Bank's performance in KZT. In addition, the KZT, being the national currency of the Republic of Kazakhstan, is the currency that reflects the economic substance of the underlying events and circumstances relevant to the Bank. Transactions in other currencies are treated as transactions in foreign currencies.

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. The primary estimates, which relate to the allowance for loan losses, deferred taxes are based on information available as of the date of the financial statements. Actual results, therefore, could differ from these estimates.

Changes in Accounting Policies

The International Accounting Standards Board ("IASB") has developed several new IFRS and revised certain IAS. IFRS 3 "Business Combinations" replaced IAS 22 "Business Combinations" and SIC-9, SIC-22 and SIC-28. IFRS 3 'Business Combinations' and IAS 36 "Impairment of Assets" (revised in 2004) were consistently applied for all acquisitions that took place on or after March 31, 2004.

From January 1, 2005, IFRS 2 'Share-based Payment', IFRS 4 'Insurance Contracts', IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as well as fifteen revised IAS are effective.

IFRS 3 "Business Combinations" and IAS 36 "Impairment of Assets" (revised in 2004)

IFRS 3 applies to accounting for business combinations for which the agreement date is on or after March 31, 2004. Upon acquisition the Bank initially measures the identifiable assets, liabilities and contingent liabilities acquired at their fair values as at the acquisition date hence causing any minority interest in the acquiree to be stated at the minority proportion of the net fair values of those items.

(Thousands of Kazakhstani Tenge)

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

The goodwill acquired in a business combination is recognized as an asset and initially is measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized in accordance with IFRS 3.

Goodwill relating to acquisitions from March 31, 2004 is not amortized but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. As at the acquisition date, any goodwill acquired in acquisitions from March 31, 2004 is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

IAS 27 "Consolidated and Separate Financial Statements"

Minority interests in net assets of the Bank's subsidiaries are presented within equity, separately from parent shareholders' equity (refer to "Restatements" section further). Gains and losses arising from changes in the fair value of available-for-sale securities are recognized directly in equity, through the statement of changes in equity.

IAS 16 "Property and Equipment"

Starting from December 27, 2005, buildings and constructions included in property and equipment are measured using the revaluation model as allowed by IAS 16 "Property and Equipment". Previously, buildings and constructions were measured using the cost model.

Consolidated Subsidiaries

The consolidated financial statements include the following subsidiaries:

Subsidiary	*Holding %*	*Country*	*Date of incorporation*	*Activities*	*Date of acquisition*	*Total assets*	*Equity*	*Net income*
December 31, 2005								
JSC "KUPA NUR-TRUST "	100	Kazakhstan	July 2001	Asset Management	August 2001	237,086	231,344	34,364
LLP "Leasing company NUR-INVEST"	100	Kazakhstan	July 2001	Leasing	August 2001	1,901,344	341,242	24,864
JSC "Money Experts"	100	Kazakhstan	March 2002	Brokerage	October 2002	86,555	87,746	13,422
LLP "Grand Lombard"	100	Kazakhstan	November 1999	Pawn Shop	November 1999	34,676	24,506	853
JSC "Insurance Company Nurpolicy" (formerly JSC "Insurance company Mercur Reward")	50	Kazakhstan	December 1999	Insurance	May 2004	605,911	403,750	111,364

Subsidiary	*Holding %*	*Country*	*Date of incorporation*	*Activities*	*Date of acquisition*	*Total assets*	*Equity*	*Net income*
December 31, 2004								
JSC "KUPA NUR-TRUST "	100	Kazakhstan	July 2001	Asset Management	August 2001	184,383	183,312	20,368
LLP "Leasing company NUR-INVEST"	100	Kazakhstan	July 2001	Leasing	August 2001	1,886,213	316,378	2,467
JSC "Money Experts"	100	Kazakhstan	March 2002	Brokerage	October 2002	74,527	74,324	5,856
LLP "Grand Lombard"	100	Kazakhstan	November 1999	Pawn Shop	November1999	23,742	23,653	1,100
JSC "Insurance company Mercur Reward"	50	Kazakhstan	December 1999	Insurance	May 2004	408,222	292,386	12,684

As at December 31, 2005, the Bank has an option to increase its share up to 100% in its subsidiary JSC "Insurance Company Nurpolicy.

(Thousands of Kazakhstani Tenge)

2. Basis of Preparation (continued)

Associates accounted for under the equity method

The following associate is accounted for under the equity method:

Associates	*Holding %*	*Country*	*Date of incorporation*	*Activities*	*Date of acquisition*	*Share in net assets*	*Share in net income*
December 31, 2005							
JSC APF "Atameken" (formerly JSC "Narodny Pension Fund")	34.15	Kazakhstan	August 1997	Pension Fund	December 2003	138,658	22,628

Associates	*Holding %*	*Country*	*Date of incorporation*	*Activities*	*Date of acquisition*	*Share in net assets*	*Share in net income*
December 31, 2004							
JSC "Narodny Pension Fund"	34.15	Kazakhstan	August 1997	Pension Fund	December 2003	116,127	8,344

Restatements

The Bank has adopted the revised IAS 1 "Presentation of Financial Statements", IAS 32 "Financial Instruments: Disclosure and Presentation", IAS 36 "Impairment of Assets", IAS 38 "Intangible Assets" starting from January 1, 2005. The effect of the application of the revised standards on the balance sheet as of December 31, 2004 is shown below.

	As previously reported	*Adjustment*	*As reported herein*	*Comment*
Shareholders' equity	10,414,172	146,193	10,560,365	Revised IAS 1 requires minority interest to be accounted for within shareholders' equity
Net income	1,903,410	4,119	1,907,529	Revised IAS 1 requires presentation of the net income including net income for a period attributable to the minority interest

IFRSs and IFRIC interpretations not yet effective

The Bank has not applied the following IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that have been issued but are not yet effective:

IAS 19 (amended 2004) "Employee Benefits";
IAS 21 (amended 2005) "The Effects of Changes in Foreign Exchange Rates";
IAS 39 (amended 2005) "Financial Instruments: Recognition and Measurement";
IFRS 6 "Exploration for and Evaluation of Mineral Resources";
IFRS 7 "Financial Instruments: Disclosures";
IFRIC 4 "Determining whether an Arrangement contains a Lease";
IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds";
IFRIC 6 "Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment";
IFRIC 7 "Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies".

The Bank expects that the adoption of the pronouncements listed above will have no significant impact on the Bank's financial statements in the period of initial application.

(Thousands of Kazakhstani Tenge)

3. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Bank include JSC Nurbank and the companies that it controls (subsidiaries). This control is normally evidenced when the Bank owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. Intercompany balances and transactions, including intercompany profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, the accounting policies used by subsidiaries have been changed to ensure consistency with the policies adopted by the Bank.

Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date of disposal. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Any excess, as at the date of the exchange transaction, of the Bank's interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition, negative goodwill, is recognised in the statement of income.

Minority interest represents the interest in subsidiaries not held by the Bank. The minority interest is presented in the consolidated balance sheet separately within shareholders' equity.

Financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Bank determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Bank commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognised in the statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income. However, interest calculated using the effective interest method is recognised in the statement of income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(Thousands of Kazakhstani Tenge)

3. Summary of Significant Accounting Policies (continued)

Related parties

Related parties include the Bank's shareholders, key management personnel, investees and affiliated companies.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the National Bank of Kazakhstan ("NBK") – excluding obligatory reserves, and due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Obligatory Reserves

Obligatory reserves represent mandatory reserve deposits and cash which are not available to finance the Bank's day to day operations and hence are not considered as part of cash and cash equivalents for the purpose of the cash flow statement.

Amounts Due from Credit Institutions

In the normal course of business, the Bank maintains current accounts or deposits for various periods of time with other banks. Amounts due from credit institutions with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at cost. Amounts due from credit institutions are carried net of any allowance for impairment.

Repurchase and Reverse Repurchase Agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the balance sheet and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or loans to customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

Securities lent to counterparties are retained in the consolidated financial statements. Securities borrowed are not recorded in the consolidated financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from financial assets at fair value through profit or loss in the consolidated statement of income. The obligation to return them is recorded at fair value as a trading liability.

Taxation

The current income tax charge is calculated in accordance with the regulations of the Republic of Kazakhstan.

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for taxable temporary differences:

-except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the same time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

-in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except were the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized:

-except where the deferred income tax asset relating to the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the same time of the transaction, affects neither the accounting profit nor taxable profit nor loss; and

(Thousands of Kazakhstani Tenge)

3. Summary of Significant Accounting Policies (continued)

Taxation (continued)

-in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The Republic of Kazakhstan also has various operating taxes, which are assessed on the Bank's activities. These taxes are included as a component in the statement of income.

Investments in Associates

The Bank' investment in its associate is accounted for under the equity method of accounting. This is an entity over which the Bank has significant influence and which is neither a subsidiary nor a joint venture of the Bank (generally investments of between 20% to 50% in a company's equity). The investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Bank's share of net assets of the associate, less any impairment in value.

Allowances for Impairment of Financial Assets

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of income.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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 recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

When a loan is uncollectible, is it written off against the related allowance for loan impairment. Such loans are written off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of allowance for loan impairment in the statement of income.

(Thousands of Kazakhstani Tenge)

3. Summary of accounting policies (continued)

Allowances for impairment of Financial assets (continued)
Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement on income, is transferred from equity to the statement of income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the statement of income. Reversals of impairment losses on debt instruments are reversed through the statement of income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Leases
Finance – Bank as Lessor

The Bank presents leased assets as loans equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are deferred.

Operating – Bank as Lessee

Leases of assets under which the risks and rewards of ownership are effectively retained with the lessor are classified as operating leases. Lease payments under operating lease are recognized as expenses on a straight-line basis over the lease term and included in administrative and operating expenses.

Property and Equipment

Property and equipment, except buildings, are stated at the lower of cost less accumulated depreciation and net recoverable amount. Buildings are stated in the consolidated balance sheets at their revalued amounts, being the fair value determined on the basis of their existing use at the date of revaluation, less any accumulated depreciation. Revaluations of buildings are performed with sufficient regularity such that the carrying amount does not fluctuate materially.

Any revaluation increase arising on the revaluation of such 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 recognised 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 the carrying amount arising on the revaluation of such buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property and equipment revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings and constructions	40
Vehicles	7
Computers and banking equipment	3 – 5
Leasehold improvements	5
Other	10 – 14

Leasehold improvements are amortized over the life of the related leased asset. The carrying amounts of property and equipment 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 other administrative and operating expenses.

Expenses related to repairs and renewals are charged when incurred and included in administrative and operating expenses unless they qualify for capitalization.

(Thousands of Kazakhstani Tenge)

3. Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets include licenses and computer software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives of 6 to 7 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

Amounts Due to Government, NBK, Credit Institutions and to Customers

Amounts due to the Government, NBK, credit institutions and to customers are initially recorded in accordance with recognition of financial instruments policy. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method. If the Bank purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is recognized in net interest income.

Debt Securities Issued

Debt securities issued represent bonds issued by the Bank. They are accounted for according to the same principles used for amounts due to credit institutions and to customers.

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.

Share Capital

Share capital, additional paid-in capital and treasury stock are recognized at the fair value of consideration received or paid. Purchases of treasury stock are recorded at nominal value with any premium or discount recorded in additional paid in capital. Gains and losses on sale of treasury stock are charged or credited to additional paid-in capital.

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes. Non-redeemable preferred shares are classified as equity.

Dividends on ordinary shares are recognized as a reduction in shareholders' equity in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events after the Balance Sheet Date" and disclosed accordingly.

Contingencies

Contingent liabilities are not recognized in the balance sheet but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the balance sheet but disclosed when an inflow of economic benefits is probable.

Income and Expense Recognition

Interest income and expense are recognized on an accrual basis calculated using the effective interest method. Loan origination fees for loans issued to customers, when significant, are deferred (together with related direct costs) and recognized as an adjustment to the loans effective yield. Fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided. Portfolio and other management advisory and service fees are recorded based on the applicable service contracts. Asset management fees related to investment funds are recorded over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

(Thousands of Kazakhstani Tenge)

3. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into KZT at market exchange rates at the balance sheet date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the statement of income as gains less losses from foreign currencies (translation differences).

Differences between the contractual exchange rate of a certain transaction and the market exchange rate on the date of the transaction are included in gains less losses from foreign currencies. The market exchange rates at December 31, 2005, and December 31, 2004, were KZT 133.98 and KZT 130.00 to 1 USD, respectively. As of March 10, 2006 market exchange rate to 1 USD was KZT 129.27.

Insurance Underwriting Income

Underwriting income (loss) includes net written insurance premiums and commissions earned on ceded reinsurance reduced by the net change in the unearned premium reserve, the provision of insurance losses and loss adjustment expenses, and policy acquisition costs.

Net written insurance premiums represent gross written premiums less premiums ceded to re-insurers.

Upon inception of a contract, premiums are recorded as written and are earned on a pro rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included within other liabilities in the accompanying consolidated balance sheet.

Losses and loss adjustments are charged to income as incurred through the reassessment of the reserve for claims and loss adjustment expenses.

Commissions earned on ceded reinsurance contracts are recorded as income at the date the reinsurance contract is written and deemed enforceable.

Reserve for Insurance Losses and Loss Adjustment Expenses

The reserve for insurance losses and loss adjustment expenses is included in the accompanying consolidated balance sheet and is based on the estimated amount payable on claims reported prior to the balance sheet date, which have not yet been settled, and an estimate of incurred but not reported claims relating to the reporting period.

Due to the absence of prior experience, the reserve for incurred but not reported claims was established as being equal to the expected loss ratio for each line of business times the value of coverage, less the losses actually reported.

The methods for determining such estimates and establishing the resulting reserves are continuously reviewed and updated. Resulting adjustments are reflected in current income.

Reinsurance

In the ordinary course of business, the Bank cedes insurance risk to reinsurers. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from insured risks and provide additional capacity for growth.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses, and ceded unearned premiums. Amounts receivable from re-insurers are estimated in a manner consistent with the claim liability associated with the reinsured policy.

Reinsurance assets are recorded gross unless a right of offset exists and are included in the accompanying consolidated balance sheets within other assets.

Reinsurance contracts are assessed to ensure that underwriting risk, defined as the reasonable possibility of significant loss, and timing risk, defined as the reasonable possibility of a significant variation in the timing of cash flows, both are transferred by the Bank to the re-insurer.

(Thousands of Kazakhstani Tenge)

3. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

In the normal course of business, the Bank enters into various derivative financial instruments, primarily forwards in the foreign exchange markets. Such financial instruments are primarily held for trading and are initially recognized in accordance with the recognition of financial instruments policy and subsequently are measured at their fair value. Their fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives, for which offsetting is performed, are carried as assets (unrealised gain) when fair value is positive and as liabilities (unrealised loss) when it is negative. Other derivative assets and liabilities are accounted for separately at their fair values. Gains and losses resulting from these instruments are included in the accompanying consolidated statements of income as gains less losses from securities.

4. Significant Accounting Judgements and Estimates

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Allowance for impairment of loans and receivables

The Bank regularly reviews its loans and receivables to assess impairment. The Bank uses its experienced judgement to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. Similarly, the Bank estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Bank uses its experienced judgement to adjust observable data for a group of loans or receivables to reflect current circumstances.

Taxation

Kazakh tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and state authorities. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

As at 31 December 2005 management believes that its interpretation of the relevant legislation is appropriate and that the Bank's tax, currency and customs positions will be sustained.

5. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	2005	*2004*
Cash on hand	**3,132,920**	1,661,633
Current accounts with other credit institutions	**12,604,991**	5,996,823
Short-term deposits with the NBK	**4,001,361**	–
Current accounts with the NBK	**1,282,979**	666,873
Overnight deposits with other banks	**1,180,102**	65,000
Short-term deposits with other banks	**857,889**	2,284,081
Cash and cash equivalents	**23,060,242**	10,674,410

(Thousands of Kazakhstani Tenge)

5. Cash and Cash Equivalents (continued)

Interest rates and maturity of the term deposits follow:

	2005		*2004*	
	KZT	**US Dollar, Euro**	**KZT**	**US Dollar, Euro**
Short-term deposits with the NBK	**3.50%**	–	–	–
Overnight deposits in other banks	–	**2.20% - 6.00%**	–	4.50%
Short-term deposits with other banks	**5.50%**	**4.00% - 6.50%**	2.30%	1.75% - 7.00%

At December 31, 2005, top 10 banks accounted for 80.2% of total cash and cash equivalents and represented 131.3% of the Bank's total shareholders' equity. At December 31, 2004, 10 banks accounted for 70% of total cash and cash equivalents and represented 72% of the Bank's total shareholders' equity.

6. Obligatory Reserves

Obligatory reserves comprised non-interest deposit with the NBK as of December 31, 2005 and 2004.

Under Kazakh legislation, the Bank is required to maintain certain obligatory reserves, which are computed as a percentage of certain liabilities of the Bank. Such reserves must be held in either non-interest bearing deposits with the NBK or in physical cash and maintained based on average monthly balances of the aggregate of deposits with the NBK and physical cash. The use of such funds is, therefore, subject to certain usage restrictions.

7. Financial Assets at Fair Value Through Profit or Loss

As of December 31, financial assets at fair value through profit or loss comprise:

	2005	*2004*
Treasury bills of the OECD governments	**3,212,508**	–
Eurobonds of Kazakh banks	**2,514,477**	339,549
Eurobonds of foreign credit institutions, other than banks	**2,429,752**	–
Corporate bonds	**781,967**	170,044
Bonds of Kazakh banks	**533,620**	–
Bonds of Kazakh credit institutions, other than banks	**280,967**	–
Eurobonds of foreign banks	**134,789**	–
Treasury bills of the Ministry of Finance	**33,677**	30,832
Sovereign bonds of the Republic of Kazakhstan	**–**	49,566
Financial assets at fair value through profit or loss	**9,921,757**	589,991

Interest rates and maturity of these securities follow:

	2005		*2004*	
	%	*Maturity*	*%*	*Maturity*
Treasury bills of the OECD governments	**5.40% - 6.90%**	**2010 - 2033**	–	–
Eurobonds of Kazakh banks	**6.50% - 9.00%**	**2007 - 2020**	7.13%	2007
Eurobonds of foreign credit institutions, other than banks	**3.85% - 4.11%**	**2031**	–	–
Corporate bonds	**6.90% - 14.00%**	**2006 - 2011**	8.50%	2006
Bonds of Kazakh banks	**7.00% - 11.00%**	**2007 - 2008**	–	–
Bonds of Kazakh credit institutions, other than banks	**7.50% - 9.00%**	**2009 - 2013**	–	–
Eurobonds of foreign banks	**4.60%**	**2014**	–	–
Treasury bills of the Ministry of Finance	**6.30%**	**2006 - 2012**	6.30%	2012
Sovereign bonds of the Republic of Kazakhstan	**–**	**–**	11.13%	2007

(Thousands of Kazakhstani Tenge)

8. Amounts Due From Credit Institutions

Amounts due from credit institutions as of December 31, comprise:

	2005	*2004*
Reverse REPO agreements	**2,715,448**	314,381
Short-term placements with other banks	**714,583**	259,279
Card settlements with credit institutions	**323,349**	38,712
Long-term placements with other banks	**135,370**	–
Due from credit institutions on documentary settlements	–	60,636
Amounts due from credit institutions	**3,888,750**	673,008

Interest rates and maturity of these balances follow:

	2005		*2004*	
	%	*Maturity*	*%*	*Maturity*
Reverse REPO agreements	**3.00% - 10.50%**	**2006 - 2007**	7.50% - 10.50%	2005
Short-term placements with other banks	**9.00% - 9.70%**	**2006**	10.50% -11.00%	2005
Long-term placements with other banks	**3.50%**	**2011**	–	–

As of December 31, 2005, the Bank had within short-term placements with other banks conditional non-interest bearing deposit in local bank of amount of KZT 114,419 thousand (December 31, 2004: KZT 111,020 thousand).

9. Available-for-sale Securities

Available-for-sale securities as of December 31, comprise:

	2005	*2004*
Debt securities:		
Eurobonds of Kazakh banks	**1,931,807**	1,726,744
Sovereign bonds of Kazakhstan	**1,643,833**	2,658,237
Corporate bonds	**786,723**	820,968
Treasury bills of the Ministry of Finance	**464,187**	151,799
Bonds of Kazakh banks	**201,075**	154,740
Local municipal bonds	**17,637**	24,642
Bonds of Kazakh credit institutions, other than banks	**13,850**	235,924
Notes of the NBK	–	13,004
	5,059,112	5,786,058
Equity securities:		
Ordinary shares of local banks and credit institutions	**217,309**	165,525
Available-for-sale securities	**5,276,421**	5,951,583

Interest rates and maturity of these securities follow:

	2005		*2004*	
	%	*Maturity*	*%*	*Maturity*
Eurobonds of Kazakh banks	**7.13% - 10.13%**	**2007 - 2013**	7.13% - 7.38%	2007 - 2013
Sovereign bonds of Kazakhstan	**11.13%**	**2007**	11.13%	2007
Corporate bonds	**8.50%**	**2006**	8.50% - 10.00%	2006 - 2008
Treasury bills of the Ministry of Finance	**3.50% - 8.29%**	**2006 - 2013**	4.80% - 7.98%	2005 - 2013
Bonds of Kazakh banks	**8.00% - 12.00%**	**2007 - 2010**	8.00% - 15.00%	2006 - 2010
Local municipal bonds	**8.50%**	**2006**	8.31% - 8.50%	2006
Bonds of Kazakh credit institutions, other than banks	**8.30%**	**2006 - 2011**	8.00% - 10.13%	2007 - 2014
Notes of the NBK	–	–	2.58% - 4.00%	2005

(Thousands of Kazakhstani Tenge)

10. Loans to Customers

Loans to customers comprise:

	2005	*2004*
Loans to customers	**76,323,337**	70,974,209
Less – Allowance for loan impairment	**(2,831,359)**	(3,489,168)
Loans to customers	**73,491,978**	67,485,041

At December 31, 2005, the annual interest rates charged by the Bank ranged from 12% to 23% per annum for KZT-denominated loans (December 31, 2004: 12%-22%) and from 12% to 20% per annum for foreign currency-denominated loans (December 31, 2004: 13%-20%).

The amounts of loans to customers were analysed as follows:

	2005	*2004*
Commercial entities	**61,165,539**	53,283,157
Individuals	**15,157,798**	17,691,052
	76,323,337	70,974,209

Loans are made to individuals and commercial entities within Kazakhstan to the following sectors:

	2005	*%*	*2004*	*%*
Individuals	**15,157,798**	**20**	17,691,052	25
Construction	**12,071,194**	**16**	5,775,744	8
Food industry	**10,403,920**	**14**	11,080,590	16
Wholesale trade, including:	**9,082,266**	**12**	9,909,603	14
- oil products	*3,914,079*	*5*	*3,201,212*	*5*
- oil field equipment	*1,789,227*	*2*	*85,932*	–
- foodstuff	*1,359,639*	*2*	*3,456,340*	*5*
- raw-cotton	*478,925*	*1*	*518,667*	*1*
- computers and consumer electronics	*442,666*	*1*	*1,006,889*	*1*
- construction materials	*204,112*	–	*249,331*	–
-mobile phones	*169,481*	–	*779,535*	*1*
- other	*724,137*	*1*	*611,697*	*1*
Agriculture	**6,035,767**	**8**	3,568,793	5
Communication	**4,502,039**	**6**	5,105,381	7
Rental properties	**3,982,430**	**5**	1,321,879	2
Transportation	**3,877,527**	**5**	1,209,590	2
Real estate	**2,347,406**	**3**	4,309,744	6
Entertainment	**1,809,137**	**2**	1,528,490	2
Retail trade	**744,987**	**1**	578,692	1
Oil and gas	**633,994**	**1**	116,333	–
Research and consulting service	**580,890**	**1**	848,069	1
Hotels and restaurants	**486,712**	**1**	293,929	1
Mining	**452,209**	–	1,024,334	1
Production of non-metal mineral products	**297,873**	–	273,871	–
Power, gas and water distribution	**237,067**	–	2,057,489	3
Medical care	**35,298**	–	44,828	–
Other	**3,584,823**	**5**	4,235,798	6
	76,323,337	**100**	70,974,209	100

At December 31, 2005 and 2004, interest income accrued on impaired loans to customers comprised KZT 824,605 thousand and KZT 863,676 thousand, respectively. At December 31, 2005, the top 10 borrowers accounted for 29% of the Bank's gross loan portfolio and represented 159% of the Bank's shareholders' equity. As of December 31, 2004, 10 major borrowers accounted for 16% of the Bank's gross loan portfolio and represented 108% of the Bank's shareholders' equity. The gross value of these loans as of December 31, 2005 and 2004, were KZT 22,382,219 thousand and KZT 11,355,873 thousand, respectively.

(Thousands of Kazakhstani Tenge)

11. Impairment and Provisions

The movements on the allowances for impairment of interest earning assets and other assets were as follows:

	Loans to customers	*Other assets*	*Total*
December 31, 2003	1,946,051	2,245	1,948,296
Impairment charge	1,698,353	99,544	1,797,897
Write-offs	(311,228)	(79,780)	(391,008)
Recoveries	155,992	–	155,992
December 31, 2004	3,489,168	22,009	3,511,177
Impairment charge/ (reversal)	**(875,067)**	**90,715**	**(784,352)**
Write-offs	**(140,273)**	**(20,568)**	**(160,841)**
Recoveries	**357,531**	**1,075**	**358,606**
December 31, 2005	**2,831,359**	**93,231**	**2,924,590**

Allowances for impairment of assets are deducted from the related assets.

The movements on the other provisions were as follows:

	Guarantees and commitments
December 31, 2003	170,176
Reversal of provision	(94,493)
December 31, 2004	75,683
Charge	**8,159**
December 31, 2005	**83,842**

Provisions for claims, guarantees and commitments are recorded in liabilities.

12. Investments in Associates

The movements on the investments in associates were as follows:

	2005	*2004*
Balance, beginning of the period	**108,850**	146,625
Share in net income	**22,628**	8,344
Increase in associates' capital	–	10,006
Elimination of subsidiary accounted under full consolidation method	–	(56,125)
Balance, end of the period	**131,478**	108,850

For the general information, please refer to Note 2.

The following table illustrates summarised financial information of the associates:

Aggregated assets and liabilities of associates	*2005*	*2004*
Amounts due from credit institutions	**53,607**	107,648
Available-for-sale securities	**271,686**	186,104
Property and equipment	**23,264**	18,950
Commissions receivable	**34,138**	415
Other assets	**42,576**	34,809
Total assets	**425,271**	347,926
Amounts due to credit institutions	**5,900**	5,900
Amounts due to budget	**2,633**	976
Amounts due to employees	**2,382**	629
Other liabilities	**8,330**	371
Total liabilities	**19,245**	7,876
Net assets	**406,026**	340,050

Aggregated revenue and profit of associates	*2005*	*2004*
Revenue	**347,983**	184,551
Net income	**66,262**	24,433

(Thousands of Kazakhstani Tenge)

13. Taxation

The Republic of Kazakhstan was the only tax jurisdiction in which the Bank's income is taxable.

The income tax expense comprises:

	2005	*2004*
Current tax charge	**184,331**	266,720
Deferred tax benefit	**(16,878)**	(10,334)
Current tax of prior periods	**–**	29,402
Income tax expense	**167,453**	285,788

The reconciliation between the income tax expense in the accompanying financial statements and income before taxes multiplied by the statutory tax rate of 30% for the periods ended December 31 is as follows:

	2005	*2004*
Income before tax and minority interest	**2,176,552**	2,193,317
Statutory tax rate	**30%**	30%
Theoretical income tax expense at the statutory rate	**652,966**	657,995
Non deductible expenses:		
Interest expenses	**54,839**	–
Charity	**32,014**	11,805
Other assets provisions	**27,214**	7,990
Taxes	**14,482**	13,206
Transport expenses	**10,196**	9,328
Expenses of prior periods	**2,861**	57,324
Loss (gain) from property and equipment sale	**1,928**	(4,458)
Penalties	**718**	15,859
Other	**1,750**	–
Tax exempt income:		
Interest on long-term loans granted for modernization of property and equipment	**(419,595)**	(253,392)
Government securities	**(117,282)**	(117,630)
Income of subsidiaries taxed at different rate	**(94,638)**	(84,086)
Other	**–**	(18,508)
Reversal of prior year VAT	**–**	(39,047)
Income tax of prior years	**–**	29,402
Income tax expense	**167,453**	285,788

Deferred tax assets and liabilities comprised the following:

	2005	*2004*
Deferred tax assets:		
Forward contracts	**7,511**	–
	7,511	–
Deferred tax liabilities:		
Property and equipment revaluation	**(212,027)**	–
Property and equipment	**(19,053)**	(8,866)
Investments in subsidiaries	**–**	(17,285)
Forward contracts	**–**	(2,269)
	(231,080)	(28,420)
Net deferred tax liabilities	**(223,569)**	(28,420)

The movements on the deferred tax liability were as follows:

December 31, 2004	**(28,420)**
Current year charge to property and equipment revaluation reserve	**(212,027)**
Current year charge to statement of income	**16,878**
December 31, 2005	**(223,569)**

(Thousands of Kazakhstani Tenge)

13. Taxation (continued)

Kazakhstan currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Bank is in substantial compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues .

14. Property and Equipment

The movements on the property and equipment were as follows:

	Buildings and constructions	Vehicles	Computers and banking equipment	Equipment for instalment	Leasehold improvements	Other	Total
Cost:							
December 31, 2003	382,750	33,554	386,203	116,560	95,067	224,451	1,238,585
Additions	33,438	27,343	403,202	521,939	32,750	291,134	1,309,806
Disposals	(35,342)	(8,004)	(3,811)	(286,710)	–	(32,670)	(366,537)
December 31, 2004	380,846	52,893	785,594	351,789	127,817	482,915	2,181,854
Additions	**195,830**	**11,503**	**462,784**	**224,962**	**107,604**	**280,480**	**1,283,163**
Revaluation	**758,710**	–	–	–	–	–	**758,710**
Disposals	**(27,392)**	**(3,536)**	**(2,404)**	**(348,664)**	**(3,682)**	**(1,840)**	**(387,518)**
Transfers	**(98,438)**	–	–	–	–	**98,438**	–
December 31, 2005	**1,209,556**	**60,860**	**1,245,974**	**228,087**	**231,739**	**859,993**	**3,836,209**
Accumulated depreciation:							
December 31, 2003	(46,486)	(10,896)	(107,905)	–	(2,960)	(54,910)	(223,157)
Charge	(12,107)	(4,871)	(117,956)	–	(42,576)	(47,355)	(224,865)
Disposals	8,927	2,614	3,271	–	–	8,450	23,262
December 31, 2004	(49,666)	(13,153)	(222,590)	–	(45,536)	(93,815)	(424,760)
Charge	**(22,022)**	**(8,771)**	**(197,790)**	–	**(32,407)**	**(38,080)**	**(299,070)**
Revaluation	**(62,002)**	–	–	–	–	–	**(62,002)**
Disposals	**274**	**70**	**2,130**	–	**1,777**	**536**	**4,787**
Transfers	**11,653**	–	–	–	–	**(11,653)**	–
December 31, 2005	**(121,763)**	**(21,854)**	**(418,250)**	–	**(76,166)**	**(143,012)**	**(781,045)**
Net book value:							
December 31, 2005	**1,087,793**	**39,006**	**827,724**	**228,087**	**155,573**	**716,981**	**3,055,164**
December 31, 2004	331,180	39,740	563,004	351,789	82,281	389,100	1,757,094
December 31, 2003	336,264	22,658	278,298	116,560	92,107	169,541	1,015,428

During 2005, the Bank engaged an independent appraiser to assess the fair market value of the Bank's buildings and constructions. Fair value is determined by reference to market-based evidence. The revaluation was reflected in the Bank's financial statements with effect from December 27, 2005. The increase in the carrying value of buildings by KZT 706,755 thousand was included to the statement of changes in shareholders' equity within property and equipment revaluation reserve, net of related deferred tax. The decrease of carrying value of buildings and constructions was recognized as an expense in statement of income within administrative and operating expenses in the amount of KZT 10,047 thousand.

If the buildings and constructions were measured using the cost model, the carrying amounts would be as follows:

	2005
Cost	**476,475**
Accumulated depreciation	**(59,166)**
Net carrying amount	**417,309**

(Thousands of Kazakhstani Tenge)

15. Intangible Assets

The movements in intangible assets were as follows:

	License	Software	**Total**
Cost:			
December 31, 2003	1,809	104,377	106,186
Additions	55,434	70,567	126,001
Disposals	–	(3,070)	(3,070)
December 31, 2004	57,243	171,874	229,117
Additions	**58,967**	**33,809**	**92,776**
Disposals	–	–	–
December 31, 2005	**116,210**	**205,683**	**321,893**
Accumulated depreciation:			
December 31, 2003	(137)	(22,808)	(22,945)
Charge	(3,907)	(23,963)	(27,870)
Disposals	–	1,610	1,610
December 31, 2004	(4,044)	(45,161)	(49,205)
Charge	**(15,313)**	**(27,768)**	**(43,081)**
Disposals	–	–	–
December 31, 2005	**(19,357)**	**(72,929)**	**(92,286)**
Net book value:			
December 31, 2005	**96,853**	**132,754**	**229,607**
December 31, 2004	53,199	126,713	179,912
December 31, 2003	1,672	81,569	83,241

16. Amounts Due to the Government

Amounts due to the Government represent funding for loans to agricultural companies, industry enterprises under the program of development of small and medium size business enterprises. Under this program, the Government provided financing to small and medium size business enterprises in Kazakhstan. At December 31, 2005, these amounts bear interest ranging between 1.0% and 10.2% per annum (December 31, 2004: 1.0% and 9.0%) and mature in 2006-2010 (December 31, 2004: 2005-2007). The Bank bears the credit risk on the loans it advances under this program.

17. Amounts Due to Credit Institutions

Amounts due to credit institutions comprise:

	2005	***2004***
Syndicated bank loans	**15,483,083**	12,330,965
Interest-bearing placements from OECD banks	**5,406,259**	3,249,460
Loans from credit institutions, other than banks	**1,762,000**	1,832,242
Interest-bearing placements from Kazakh banks and non OECD banks	**340,814**	3,392,156
Loro accounts	**166,040**	68,669
Amounts due to credit institutions	**23,158,196**	20,873,492

Interest rates and maturity of amounts due to credit institutions follow:

	2005		***2004***	
	%	***Maturity***	*%*	***Maturity***
Syndicated bank loans	**LIBOR + 1.90% - LIBOR + 2.20%**	**2006**	LIBOR + 2.40%	2005
Interest-bearing placements from OECD banks	**3.18% - 7.79%**	**2006 - 2010**	2.80% - 5.84%	2008 - 2009
Loans from credit institutions, other than banks	**4.51% - 7.30%**	**2007 - 2010**	2.45% - 3.58%	2009
Interest-bearing placements from Kazakh banks and non OECD banks	**7.36% - 8.00%**	**2006**	6.00% - 7.10%	2005

(Thousands of Kazakhstani Tenge)

17. Amounts Due to Credit Institutions (continued)

Financial Covenants

In accordance with the contractual terms of the syndicated bank loans, the Bank is required to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy, and lending exposures. In addition, and in accordance with the terms of certain of those loans, the Bank is required to obtain the approval of the lender before distributing any dividends to the common shareholders other than dividend shares.

Furthermore, certain of the Bank's outstanding financing agreements include covenants restricting the Bank's ability to create security interests over its assets. In addition, the Bank's default under these covenants could result in cross-defaults under the terms of the Bank's other financing arrangements. Management believes that the Bank is in compliance with these covenants as of December 31, 2005.

At December 31, 2005 and 2004, the Bank has no repurchase agreements.

18. Amounts Due to Customers

The amounts due to customers included balances in customer current accounts and term deposits as of December 31, and were analysed as follows:

	2005	***2004***
Current accounts:		
Commercial entities	**9,847,066**	9,952,995
Individuals	**921,433**	1,747,103
Governmental entities	**6,647**	1,590
Time deposits:		
Commercial entities	**20,738,164**	26,342,533
Individuals	**12,388,899**	9,358,066
Held as security against letters of credit	**2,590,102**	1,393,089
Amounts due to customers	**46,492,311**	48,795,376

Interest rates and maturity of amounts due to customers follow:

	2005				***2004***			
	KZT		***USD/EURO***		***KZT***		***USD/EURO***	
	%	***Maturity***	***%***	***Maturity***	***%***	***Maturity***	***%***	***Maturity***
Current accounts	**up to 2.00%**	**–**	**up to 3.00%**	**–**	up to 3.00%	–	up to 3.00%	–
Time deposits	**1.50%-16.00%**	**2006-2019**	**1.00%-10.00%**	**2006-2019**	0.70%-16.00%	2005-2007	1.00%-14.00%	2005-2007
Held as security against letters of credit	**3.50%-12.00%**	**2006-2010**	**2.00%-8.75%**	**2006-2019**	1.60%-2.90%	2006-2017	1.60%-2.90%	2006-2017

(Thousands of Kazakhstani Tenge)

18. Amounts Due to Customers (continued)

At December 31, 2005 and 2004, the Bank's ten largest customers accounted for approximately 40% and 53% respectively, of the total amounts due to customers. An analysis of customer accounts by sector follows:

	2005	*%*	*2004*	*%*
Wholesale trading, including:	**5,417,289**	**12**	11,363,838	23
- equipment	*3,067,336*	*7*	*341,404*	*1*
- consumer products	*673,320*	*2*	*5,546,771*	*11*
- foodstuff	*517,955*	*1*	*3,645,848*	*7*
- oil products	*122,837*	–	*1,426,748*	*3*
- computers and consumer electronics	*44,477*	–	*41,684*	–
- construction materials	*43,107*	–	*147,171*	–
- other	*948,257*	*2*	*214,212*	*1*
Individuals	**13,310,332**	**29**	11,105,169	23
Construction	**9,115,909**	**20**	1,378,364	3
Financial	**3,953,192**	**8**	2,778,249	6
Oil and gas	**3,601,292**	**8**	15,101,364	31
Held as security against letters of credit	**2,590,102**	**6**	1,393,089	3
Mining	**2,214,646**	**5**	–	–
Entertainment	**1,995,297**	**4**	854,806	2
Communication	**464,594**	**1**	391,161	1
Rental properties	**447,309**	**1**	–	–
Retail trade	**378,531**	**1**	1,080,254	2
Sale, repair and service of automobiles	**348,464**	**1**	81,503	–
Research and development	**205,371**	**–**	240,219	–
Publishing	**175,117**	**–**	129,865	–
Education	**154,824**	**–**	–	–
Medical care	**97,297**	**–**	–	–
Agriculture	**85,768**	**–**	–	–
Power, gas and water distribution	**76,344**	**–**	127,333	–
Food industry	**51,267**	**–**	533,838	1
State management	**6,647**	**–**	1,590	–
Other	**1,802,719**	**4**	2,234,734	5
	46,492,311	**100**	48,795,376	100

19. Debt Securities Issued

Debt securities issued as of December 31, consisted of the following:

	2005	*2004*
USD notes with fixed rate	**20,097,000**	–
KZT notes	**9,845,415**	–
KZT notes with floating rate	**4,000,000**	4,000,000
KZT subordinated notes indexed to USD	**3,601,949**	3,494,888
KZT notes indexed to USD	**–**	841,441
	37,544,364	8,336,329
Own USD notes held by the Bank	**(966,666)**	–
Own KZT notes held by the Bank	**(100,000)**	(16,123)
Own KZT subordinated notes held by the Bank	**(3,253)**	–
	36,474,445	8,320,206
Plus unamortized premium	**2,085**	2,348
Less unamortized discount	**(463,371)**	(62,544)
Less unamortized cost of issuance	**(176,153)**	–
	35,837,006	8,260,010
Interest accrued	**317,340**	26,127
Debt securities issued	**36,154,346**	8,286,137

(Thousands of Kazakhstani Tenge)

19. Debt Securities Issued (continued)

The interest rates and maturities of these debt securities issued follow:

	2005		*2004*	
	%	*Maturity*	*%*	*Maturity*
USD notes with fixed interest rate	**9.00%**	**4/28/2008**	–	–
KZT notes	**8.00%**	**12/30/2008**	–	–
KZT notes with floating rate	**8.00% p.a. + (1.00% multiplied by inflation index)**	**6/25/2007**	8.00% p.a. + (1.00% multiplied by inflation index)	6/25/2007
KZT subordinated notes indexed to USD	**9.00%**	**6/12/2011**	9.00%	6/12/2011
KZT notes indexed to USD	**–**	**–**	8.50%	5/22/2005

KZT subordinated notes indexed to USD are unsecured obligations of the Bank and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Bank.

In accordance with the terms of the USD denominated bonds, the Bank is required to maintain certain financial covenants particularly with regard to its capital adequacy, lending exposures, limitations on transactions unless such transactions are at fair market value. In addition, the Bank is required to obtain the approval of the lender before distributing any dividends to the common shareholders. Furthermore, the terms of the USD denominated bonds include covenants restricting the Bank's ability to create security interests over its assets. In addition, the Bank's default under these covenants could result in cross-defaults under the terms of the Bank's other financing arrangements. Management believes that the Bank is in compliance with the covenants of the agreements the Bank has with the bonds' trustee and holders.

20. Shareholders' Equity

The number of authorised common and preferred shares are 1,300,000 (December 31, 2004: 400,000) and 200,000 (December 31, 2004: 100,000) respectively. Issued and paid share capital at December 31, 2005 consisted of 512,000 common shares and 100,000 preferred shares (December 31, 2004: 400,000 and 100,000). Each common share is entitled to one vote and dividends. All shares are KZT denominated and have a nominal value of KZT 10 thousand each. Preferred shares are not redeemable with cumulative dividend of a minimum of 10% of the share's nominal per annum, and do not have any voting rights (December 31, 2004: 10%). Dividends on preferred shares cannot be less than dividends on common shares.

Movements of shares authorised, fully paid and outstanding follow:

	Number of shares		**Nominal amount**		
	Preferred	**Common**	**Preferred**	**Common**	**Total**
December 31, 2003	60,000	266,500	600,000	2,665,000	3,265,000
Capital contributions	40,000	133,500	400,000	1,335,000	1,735,000
December 31, 2004	100,000	400,000	1,000,000	4,000,000	5,000,000
Capital contributions	**–**	**112,000**	**–**	**1,120,000**	**1,120,000**
December 31, 2005	**100,000**	**512,000**	**1,000,000**	**5,120,000**	**6,120,000**

During 2005, the Bank issued 100,000 preferred shares and 900,000 common shares, while 112,000 common shares were fully paid. Common shares were sold at nominal amount.

According to the annual meeting of shareholders on April 28, 2005, the Bank declared and paid dividends on preferred shares of KZT 100,000 thousand (KZT 1 thousand per one preferred share) in respect of the year ended December 31, 2004 (December 31, 2004: KZT 96,000 thousand, KZT 1 thousand per one preferred share, in respect of the year ended December 31, 2003).

(Thousands of Kazakhstani Tenge)

21. Commitments and Contingencies

Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank.

Commitments and contingencies

The Bank's financial commitments and contingencies comprised the following:

	2005	*2004*
Credit related commitments		
Commitments to extend credit	**12,751,269**	9,518,226
Guarantees	**2,343,323**	4,358,533
Commercial letters of credit	**10,139,243**	7,323,380
	25,233,835	21,200,139
Operating lease commitments		
Not later than 1 year	**20,643**	35,143
Later than 1 year but not later than 5 years	**457,312**	536,094
Later than 5 years	**14,957**	11,841
	492,912	583,078
Less cash collateral	**(2,590,102)**	(1,393,089)
Less provisions	**(83,842)**	(75,683)
Commitments and contingencies	**23,052,803**	20,314,445

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing guarantees is essentially the same as involved in extending facilities to other customers.

The Bank applies similar principles as those applied in assessing the required allowance for losses under other credit facilities when assessing the likelihood of loss under a guarantee. Commercial letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction. The Bank requires collateral to support credit-related financial instruments when it is deemed necessary. Collateral held varies, but may include bank deposits , government securities, and other.

At December 31, 2005, the top ten guarantees accounted for 75% of the Bank's total financial guarantees (December 31, 2004: 83%) and represented 12% (December 31, 2004: 35%) of the Bank's total shareholders' equity.

At December 31, 2005, the top ten letters of credit accounted for 95% of the Bank's total commercial letters of credit (December 31, 2004: 88%) and represented 69% (December 31, 2004: 62%) of the Bank's total shareholders' equity.

(Thousands of Kazakhstani Tenge)

22. Fees and Commissions

Fee and commission income for the years ended December 31, was made from the following sources:

	2005	*2004*
Cash operations	**332,954**	414,998
Transfer operations	**266,329**	219,497
Letters of credit	**259,915**	316,229
Settlements operations	**246,286**	147,161
Purchase – sale of currencies	**194,924**	194,868
Guarantees issued	**91,960**	185,132
Commission on pension activity	**45,564**	26,719
Other	**57,768**	32,878
Fee and commission income	**1,495,700**	1,537,482

Fee and commission expense for the years ended December 31, comprised the following:

	2005	*2004*
Letters of credit	**(181,078)**	(209,228)
Debit/credit cards	**(72,813)**	(79,477)
Transfer operations	**(53,880)**	(38,515)
Securities operations	**(10,722)**	(19,034)
Guarantees issued	**(8,893)**	(24,604)
Other	**(2,179)**	(2,103)
Fee and commission expense	**(329,565)**	(372,961)

23. Insurance Underwriting Income and Expense

During 2004 the Bank acquired control over the insurance company Nurpolicy JSC (formerly JSC "Insurance company Mercur Reward"). Insurance operations of the Bank and results recorded in the underwriting income and expenses are related to this subsidiary.

Underwriting income for the years ended December 31 comprised the following:

	2005	*2004*
Premium written, gross	**246,502**	333,935
Ceded insurance premiums	**(38,495)**	(11,541)
Premiums written, net of ceded insurance	**208,007**	322,394
Change in unearned premiums, net	**30,440**	(123,458)
Premiums earned, net of reinsurance	**238,447**	198,936
Claims incurred, reinsurance share	**5,105**	2,018
Commission income from insurance	**3,798**	1,242
Underwriting income	**247,350**	202,196

Underwriting expense for the years ended December 31 comprised:

	2005	*2004*
Claims, gross	**(106,187)**	(102,211)
Commission expense from insurance	**(7,755)**	(37,549)
Change in loss reserve, net	**1,699**	(28,835)
Underwriting expense	**(112,243)**	(168,595)

24. Other Income

Other income for the years ended December 31, comprised the following:

	2005	*2004*
Gain from revaluation of forward operations	**24,180**	7,564
Gain on acquisition of subsidiary	–	57,615
Consulting services	–	20,869
Gain from disposal of premises and equipment	–	14,861
Other	**38,245**	71,276
Other income	**62,425**	172,185

(Thousands of Kazakhstani Tenge)

25. Salaries and Administrative and Operating Expenses

Salaries and other employee benefits, administrative and operating expenses for the years ended December 31, comprise:

	2005	*2004*
Salaries and bonuses	**1,318,991**	845,957
Social security costs	**175,982**	132,813
Other payments	**204,226**	148,845
Salaries and other employees benefits	**1,699,199**	1,127,615
Advertising expenses	**593,248**	302,563
Rent	**583,078**	450,106
Communication	**172,917**	135,352
Professional services	**135,710**	36,302
Transportation	**81,313**	52,271
Repair and maintenance	**77,303**	49,256
Business trip expenses	**56,139**	50,293
Administrative expenses of subsidiaries	**45,265**	86,282
Cash collection expenses	**33,827**	19,301
Stationary and office supplies	**33,589**	28,387
Security	**28,835**	30,523
Information technologies services	**27,966**	11,365
Insurance of deposits	**26,571**	21,798
Utilities	**24,934**	13,286
Loss from revaluation of property and equipment	**10,047**	–
Charity	**7,767**	6,968
Loss from property and equipment disposal	**6,423**	–
Fines and penalties	**2,798**	53,581
Other	**167,311**	209,459
Administrative and operating expenses	**2,115,041**	1,557,093

The aggregate remuneration and other benefits paid to 21 members of the Management Board and Board of Directors of the Bank for the period ended December 31, 2005 was KZT 113,840 thousand (2004: 23 members and KZT 96,815 thousand, respectively).

26. Taxes Other than Income Tax

Taxes other than income tax for the year ended December 31, comprise:

	2005	*2004*
Value added tax	**102,706**	25,820
Withholding tax to non-residents	**44,376**	43,497
Property tax	**21,460**	11,518
Other	**19,011**	18,095
Taxes other than income tax	**187,553**	98,930

(Thousands of Kazakhstani Tenge)

27. Earnings per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to common shareholders by the weighted average number of participating shares outstanding during the year. The Bank does not have any options or convertible debt or equity instruments.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended December 31:

	2005	*2004*
Net income attributable to common shareholders for basic earning per share	**1,953,417**	1,903,410
Weighted average number of participating shares for basic earnings per share (common and preferred)	**500,307**	356,477
Weighted average number of participating shares for diluted earnings per share (common and preferred)	**553,319**	358,142

Participating shares comprise common shares and preferred shares that have the right to participate equally with common shares in net income distribution.

28. 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's operations are those related to credit, liquidity and market movements in interest and foreign exchange rates. A summary description of the Bank's risk management policies in relation to those risks follows.

Credit Risk

The Bank is exposed to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. 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, and to industry and geographical segments. Limits on the level of credit risk by borrower and product by industry sector and by region are approved regularly by the Board of Directors. Where appropriate, and in the case of most loans, the Bank obtains collateral. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

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. The maximum credit risk exposure, in the event other parties fail to meet their obligations under financial instruments is equal to the carrying value of financial assets as presented in the accompanying financial statements and the disclosed financial commitments.

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

Concentration

The geographical concentration of the Bank's banking assets and liabilities are set out below:

	December 31, 2005				*December 31, 2004*			
	Kazakhstan	*OECD*	*CIS and other foreign countries*	*Total*	*Kazakhstan*	*OECD*	*CIS and other foreign countries*	*Total*
Assets:								
Cash and cash equivalents	**9,215,819**	**12,482,099**	**1,362,324**	**23,060,242**	3,550,904	6,944,910	178,596	10,674,410
Obligatory reserves	**1,344,789**	**–**	**–**	**1,344,789**	1,438,489	–	–	1,438,489
Financial assets at fair value through profit or loss	**4,144,707**	**5,777,050**	**–**	**9,921,757**	589,991	–	–	589,991
Amounts due from credit institutions	**3,640,913**	**46,928**	**200,909**	**3,888,750**	673,008	–	–	673,008
Available-for-sale securities	**5,276,421**	**–**	**–**	**5,276,421**	5,951,583	–	–	5,951,583
Loans to customers	**76,206,858**	**–**	**116,479**	**76,323,337**	69,445,322	195,841	1,333,046	70,974,209
Investments in associates	**131,478**	**–**	**–**	**131,478**	108,850	–	–	108,850
Reserves for insurance claims, reinsurance share	**25,538**	**–**	**–**	**25,538**	7,874	–	–	7,874
Other assets	**693,995**	**359,534**	**96,365**	**1,149,894**	460,669	15,252	48,033	523,954
	100,680,518	**18,665,611**	**1,776,077**	**121,122,206**	82,226,690	7,156,003	1,559,675	90,942,368
Liabilities:								
Due to the Government	**81,119**	**–**	**–**	**81,119**	168,020	–	–	168,020
Due to credit institutions	**485,780**	**21,514,403**	**1,158,013**	**23,158,196**	1,108,958	18,312,772	1,451,762	20,873,492
Due to customers	**44,700,431**	**–**	**1,791,880**	**46,492,311**	48,795,376	–	–	48,795,376
Debt securities issued	**35,857,826**	**296,520**	**–**	**36,154,346**	8,286,137	–	–	8,286,137
Reserves for insurance claims	**196,269**	**–**	**–**	**196,269**	199,486	–	–	199,486
Tax liabilities	**223,569**	**–**	**–**	**223,569**	28,420	–	–	28,420
Other liabilities	**1,006,570**	**–**	**46,592**	**1,053,162**	336,363	41,823	25,041	403,227
	82,551,564	**21,810,923**	**2,996,485**	**107,358,972**	58,922,760	18,354,595	1,476,803	78,754,158
Net balance sheet position	**18,128,954**	**(3,145,312)**	**(1,220,408)**	**13,763,234**	23,303,930	(11,198,592)	82,872	12,188,210

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 2,924,590 thousand and KZT 3,511,177 thousand as of December 31, 2005 and 2004, respectively.

Market Risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. The Bank manages market 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.

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

Currency Risk

The Bank is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currencies (primarily USD and EUR), by branches and in total. These limits also comply with the minimum requirements of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (the "FMSA"). The Bank's exposure to foreign currency exchange rate risk follows:

	December 31, 2005				
	KZT	*USD*	*EUR*	*Other foreign currencies*	*Total*
Assets:					
Cash and cash equivalents	**7,690,577**	**13,518,549**	**1,380,653**	**470,463**	**23,060,242**
Obligatory reserves	**1,344,789**	–	–	–	**1,344,789**
Financial assets at fair value through profit or loss	**901,046**	**9,020,711**	–	–	**9,921,757**
Amounts due from credit institutions	**3,360,267**	**462,944**	–	**65,539**	**3,888,750**
Available-for-sale securities	**913,312**	**4,363,109**	–	–	**5,276,421**
Loans to customers	**41,194,352**	**32,156,937**	**2,940,460**	**31,588**	**76,323,337**
Investments in associates	**131,478**	–	–	–	**131,478**
Reserves for insurance claims, reinsurance share	**25,538**	–	–	–	**25,538**
Other assets	**687,273**	**341,974**	**54,161**	**66,486**	**1,149,894**
	56,248,632	**59,864,224**	**4,375,274**	**634,076**	**121,122,206**
Liabilities:					
Due to the Government	**81,119**	–	–	–	**81,119**
Due to credit institutions	**341,451**	**18,945,474**	**3,871,271**	–	**23,158,196**
Due to customers	**25,932,244**	**19,874,921**	**541,230**	**143,916**	**46,492,311**
Debt securities issued	**16,959,870**	**19,194,476**	–	–	**36,154,346**
Reserves for insurance claims	**196,269**	–	–	–	**196,269**
Tax liabilities	**223,569**	–	–	–	**223,569**
Other liabilities	**969,820**	**37,464**	**1,676**	**44,202**	**1,053,162**
	44,704,342	**58,052,335**	**4,414,177**	**188,118**	**107,358,972**
Net balance sheet position	**11,544,290**	**1,811,889**	**(38,903)**	**445,958**	**13,763,234**

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

Currency Risk (continued)

	December 31, 2004				
	KZT	*USD*	*EUR*	*Other foreign currencies*	*Total*
Assets:					
Cash and cash equivalents	2,229,047	4,882,763	3,457,421	105,179	10,674,410
Obligatory reserves	1,065,362	373,127	–	–	1,438,489
Financial assets at fair value through profit or loss	30,832	559,159	–	–	589,991
Amounts due from credit institutions	501,352	–	–	171,656	673,008
Available-for-sale securities	637,751	5,313,832	–	–	5,951,583
Loans to customers	36,353,310	32,274,623	2,344,397	1,879	70,974,209
Investments in associates	108,850	–	–	–	108,850
Reserves for insurance claims, reinsurance share	7,874	–	–	–	7,874
Other assets	366,404	102,563	36,605	18,382	523,954
	41,300,782	43,506,067	5,838,423	297,096	90,942,368
Liabilities:					
Due to the Government	168,020	–	–	–	168,020
Due to credit institutions	816,499	16,592,130	3,464,863	–	20,873,492
Due to customers	15,855,779	30,797,424	2,094,793	47,380	48,795,376
Debt securities issued	3,938,641	4,347,496	–	–	8,286,137
Reserves for insurance claims	199,486	–	–		199,486
Tax liabilities	28,420	–	–	–	28,420
Other liabilities	289,471	96,145	5,814	11,797	403,227
	21,296,316	51,833,195	5,565,470	59,177	78,754,158
Net balance sheet position	20,004,466	(8,327,128)	272,953	237,919	12,188,210

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 2,924,590 thousand and KZT 3,511,177 thousand as of December 31, 2005 and 2004, respectively.

Freely convertible currencies represent mainly USD amounts, but also include currencies from other OECD countries. The Bank's principal cash flows (revenues, operating expenses) are largely generated in KZT. As a result, future movements in the exchange rate between KZT and USD will affect the carrying value of the Bank's USD denominated monetary assets and liabilities. Such changes may also affect the Bank's ability to realize investments in non-monetary assets as measured in USD in these financial statements.

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The Bank's interest rate policy is reviewed and approved by the Bank's Assets and Liabilities Management Committee.

The table below summarises the Bank's exposure to interest rate risk as at December 31, 2005. Included in the table are the Bank's monetary assets and liabilities at carrying amounts, classified by the earlier of contractual repricing or maturity dates.

	December 31, 2005						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	17,020,890	5,836,352	22,000	181,000	–	–	23,060,242
Obligatory reserves	–	–	–	–	1,344,789	–	1,344,789
Financial assets at fair value through profit or loss	–	–	8	167,542	3,433,781	6,320,426	9,921,757
Amounts due from credit institutions	437,768	1,122,678	1,897,541	95,393	200,000	135,370	3,888,750
Available-for-sale securities	–	–	–	1,145,651	2,556,732	1,574,038	5,276,421
Loans to customers	–	7,150,049	5,368,539	18,799,247	34,673,097	10,332,405	76,323,337
Investments in associates	–	–	–	–	–	131,478	131,478
Reserves for insurance claims, reinsurance share	–	–	25,538	–	–	–	25,538
Other assets	–	623,032	275,618	215,224	23,821	12,199	1,149,894
	17,458,658	14,732,111	7,589,244	20,604,057	42,232,220	18,505,916	121,122,206
Liabilities:							
Due to the Government	–	–	–	6,239	74,880	–	81,119
Due to credit institutions	166,039	46,689	176,938	17,246,630	5,521,900	–	23,158,196
Due to customers	12,404,374	11,121,631	6,509,620	8,369,831	8,049,244	37,611	46,492,311
Debt securities issued	–	–	–	4,280,741	28,273,057	3,600,548	36,154,346
Reserves for insurance claims	39,713	–	–	156,556	–	–	196,269
Tax liabilities	223,569	–	–	–	–	–	223,569
Other liabilities	–	526,482	58,971	243,898	223,811	–	1,053,162
	12,833,695	11,694,802	6,745,529	30,303,895	42,142,892	3,638,159	107,358,972
Net interest sensitivity gap	4,624,963	3,037,309	843,715	(9,699,838)	89,328	14,867,757	13,763,234
Cumulative interest sensitivity gap	4,624,963	7,662,272	8,505,987	(1,193,851)	(1,104,523)	13,763,234	

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

Interest Rate Risk (continued)

	December 31, 2004						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	8,325,329	2,349,081	–	–	–	–	10,674,410
Obligatory reserves	–	–	–	–	1,438,489	–	1,438,489
Financial assets at fair value through profit or loss	–	–	–	–	559,159	30,832	589,991
Amounts due from credit institutions	–	38,712	–	588,430	45,866	–	673,008
Available-for-sale securities	–	–	–	193,393	4,184,558	1,573,632	5,951,583
Loans to customers	–	7,010,421	5,063,369	16,606,161	29,590,749	12,703,509	70,974,209
Investments in associates	–	–	–	–	–	108,850	108,850
Reserves for insurance claims, reinsurance share	–	–	7,874	–	–	–	7,874
Other assets	–	523,954	–	–	–	–	523,954
	8,325,329	9,922,168	5,071,243	17,387,984	35,818,821	14,416,823	90,942,368
Liabilities:							
Due to the Government	–	35,453	–	376	132,191	–	168,020
Due to credit institutions	68,669	136,658	1,686,406	13,963,930	4,974,988	42,841	20,873,492
Due to customers	11,701,688	10,488,053	5,856,345	12,220,872	8,363,135	165,283	48,795,376
Debt securities issued	–	26,127	–	4,747,279	–	3,512,731	8,286,137
Reserves for insurance claims	40,281	–	–	159,205	–	–	199,486
Tax liabilities	–	28,420	–	–	–	–	28,420
Other liabilities	133,375	269,852	–	–	–	–	403,227
	11,944,013	10,984,563	7,542,751	31,091,662	13,470,314	3,720,855	78,754,158
Net interest sensitivity gap	(3,618,684)	(1,062,395)	(2,471,508)	(13,703,678)	22,348,507	10,695,968	12,188,210
Cumulative interest sensitivity gap	(3,618,684)	(4,681,079)	(7,152,587)	(20,856,265)	1,492,242	12,188,210	

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 2,924,590 thousand and KZT 3,511,177 thousand as of December 31, 2005 and 2004, respectively.

As of December 31, 2005 and 2004 the effective average interest rates for interest earning/ bearing monetary financial instruments were as follows:

	2005	*2004*
Financial assets at fair value through profit or loss	**4.7%**	2.1%
Amounts due from credit institutions	**5.1%**	1.8%
Available-for-sale securities	**5.7%**	6.6%
Loans to customers	**13.2%**	13.5%
Due to credit institutions	**6.7%**	5.0%
Customer deposits	**4.6%**	4.3%
Debt securities issued	**9.7%**	12.0%

Additionally, as disclosed in the maturity analysis below, the maturity dates applicable to the majority of the Bank's assets and liabilities are relatively short-term. The Bank monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

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 order to manage liquidity risk, the Bank performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of the asset/liability management process. The Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following tables provide an analysis of assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date.

	December 31, 2005						
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Assets:							
Cash and cash equivalents	17,020,890	5,836,352	22,000	181,000	–	–	23,060,242
Obligatory reserves	–	–	–	–	1,344,789	–	1,344,789
Financial assets at fair value through profit or loss	9,921,757	–	–	–	–	–	9,921,757
Amounts due from credit institutions	437,768	1,122,678	1,897,541	95,393	200,000	135,370	3,888,750
Available-for-sale securities	5,276,421	–	–	–	–	–	5,276,421
Loans to customers	–	7,150,049	5,368,539	18,799,247	34,673,097	10,332,405	76,323,337
Investments in associates	–	–	–	–	–	131,478	131,478
Reserves for insurance claims, reinsurance share	–	–	25,538	–	–	–	25,538
Other assets	–	623,032	275,618	215,224	23,821	12,199	1,149,894
	32,656,836	14,732,111	7,589,236	19,290,864	36,241,707	10,611,452	121,122,206
Liabilities:							
Due to the Government	–	–	–	6,239	74,880	–	81,119
Due to credit institutions	166,039	46,689	176,938	17,246,630	5,521,900	–	23,158,196
Due to customers	12,404,374	11,121,631	6,509,620	8,369,831	8,049,244	37,611	46,492,311
Debt securities issued	–	–	–	317,340	32,236,458	3,600,548	36,154,346
Reserves for insurance claims	39,713	–	–	156,556	–	–	196,269
Tax liabilities	223,569	–	–	–	–	–	223,569
Other liabilities	–	526,482	58,971	243,898	223,811	–	1,053,162
	12,833,695	11,694,802	6,745,529	26,340,494	46,106,293	3,638,159	107,358,972
Net balance sheet position	19,823,141	3,037,309	843,707	(7,049,630)	(9,864,586)	6,973,293	13,763,234
Accumulated gap	19,823,141	22,860,450	23,704,157	16,654,527	6,789,941	13,763,234	

The entire portfolio of securities is classified within demand as the portfolio is highly liquid and the Bank believes this is the proper presentation of its liquidity position. The Bank believes that in spite of a substantial portion of deposits from individuals being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these deposits provide a long-term and stable source of funding for the Bank.

(Thousands of Kazakhstani Tenge)

28. Risk Management Policies (continued)

Liquidity Risk (continued)

	December 31, 2004						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	8,325,329	2,349,081	–	–	–	–	10,674,410
Obligatory reserves	–	–	–	–	1,438,489	–	1,438,489
Financial assets at fair value through profit or loss	589,991	–	–	–	–	–	589,991
Amounts due from credit institutions	–	38,712	–	588,430	45,866	–	673,008
Available-for-sale securities	5,951,583	–	–	–	–	–	5,951,583
Loans to customers	–	7,010,421	5,063,369	16,606,161	29,590,749	12,703,509	70,974,209
Investments in associates	–	–	–	–	–	108,850	108,850
Reserves for insurance claims, reinsurance share	–	–	7,874	–	–	–	7,874
Other assets	–	523,954	–	–	–	–	523,954
	14,866,903	9,922,168	5,071,243	17,194,591	31,075,104	12,812,359	90,942,368
Liabilities:							
Due to the Government	–	35,453	–	376	132,191	–	168,020
Due to credit institutions	68,669	136,658	1,686,406	13,963,930	4,974,988	42,841	20,873,492
Due to customers	11,701,688	10,488,053	5,856,345	12,220,872	8,363,135	165,283	48,795,376
Debt securities issued	–	26,127	–	808,638	3,938,641	3,512,731	8,286,137
Reserves for insurance claims	40,281	–	–	159,205	–	–	199,486
Tax liabilities	–	28,420	–	–	–	–	28,420
Other liabilities	133,375	269,852	–	–	–	–	403,227
	11,944,013	10,984,563	7,542,751	27,153,021	17,408,955	3,720,855	78,754,158
Net balance sheet position	2,922,890	(1,062,395)	(2,471,508)	(9,958,430)	13,666,149	9,091,504	12,188,210
Accumulated gap	2,922,890	1,860,495	(611,013)	(10,569,443)	3,096,706	12,188,210	

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 2,924,590 thousand and KZT 3,511,177 thousand as of December 31, 2005 and 2004, respectively.

The Bank's capability to discharge its liabilities relies on its ability to realise an equivalent amount of assets within the same period of time.

Long-term credits and overdraft facilities are generally not available in Kazakhstan except for programs set up by international credit institutions. However, in the Kazakhstani marketplace, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented above. In addition, the maturity gap analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than one month in the tables above. While financial assets at fair value through profit or loss and available-for-sale securities are shown at demand, realizing such assets upon demand is dependent upon financial market conditions. Significant security positions may not be liquidated in a short period of time without adverse price effects.

(Thousands of Kazakhstani Tenge)

29. Fair Values of Financial Instruments

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in forced or liquidation sale. As no readily available market exists for a large part of the Bank's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and the 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.

The following methods and assumptions are used by the Bank to estimate the fair value of these financial instruments:

Amounts Due to Credit Institutions

For assets maturing within one month, the carrying amount approximates fair value due to the relatively short- term maturity of these financial instruments. For longer-term deposits, the interest rates applicable reflect market rates.

Commercial Loans and Advances

The estimate was made by discounting of scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as of the respective year-end.

Amounts Due to Customers

For balances maturing within one month the carrying amount approximates fair value due to the relatively short term maturity of these financial instruments. For longer term fixed interest bearing deposits and other borrowings the estimated fair value is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Debt Securities Issued

The estimate was based on the quoted market prices of the securities at the balance sheet date.

	2005		***2004***	
	Carrying Amount	***Fair Value***	***Carrying Amount***	***Fair Value***
Financial assets				
Loans to customers	**73,491,978**	**79,673,839**	67,485,041	72,827,068
Financial liabilities				
Amounts due to credit institutions	**23,158,196**	**23,342,162**	20,873,492	21,091,944
Amounts due to customers	**46,492,311**	**46,761,137**	48,795,376	49,009,279
Debt securities issued	**36,154,346**	**38,743,248**	8,286,137	8,305,754

(Thousands of Kazakhstani Tenge)

30. Related Party Transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. As of December 31, 2005 and 2004 the Bank had the following transactions with related parties:

	2005			***2004***		
	Shareholders	***Associates***	***Key management personnel***	***Shareholders***	***Associates***	***Key management personnel***
Loans outstanding at January 1, gross	**165,167**	–	–	259,922	–	–
Loans issued during the year	**2,066,604**	–	**25,161**	201,167	–	–
Loan repayments during the year	**(2,151,771)**	–	**(8,168)**	(295,922)	–	–
Loans outstanding at 31 December, gross	**80,000**	–	**16,993**	165,167	–	–
Less: allowance for impairment at 31 December	–	–	**(19)**	–	–	–
Loans outstanding at 31 December, net	**80,000**	–	**16,974**	165,167	–	–
						–
Interest income on loans	**28,590**	–	**1,899**	6,036	–	–
Impairment of loans	–	–	**(19)**	–	–	–
Deposits at 1 January	**13,000,000**	**28,600**	**3,900**	5,893,161	28,000	4,327
Deposits received during the year	**144,652,951**	**98,125**	**26,533**	488,908,121	174,750	4,875
Deposits repaid during the year	**(157,631,251)**	**(112,325)**	**(12,193)**	(481,801,282)	(174,150)	(5,302)
Deposits at 31 December	**21,700**	**14,400**	**18,240**	13,000,000	28,600	3,900
Interest expense on deposits	**(66,412)**	**(2,937)**	**(1,358)**	(302,259)	(2,487)	(327)
Fee and commission income	**121,691**	**635**	**16**	90,803	347	–
Other operating expenses	**(2,134)**	–	–	–	–	–

The interest rates and maturities of transactions with related parties are as follows:

	2005			***2004***		
	Shareholders	***Associates***	***Key management personnel***	***Shareholders***	***Associates***	***Key management personnel***
Loans:						
Maturity	**2005-2006**	–	**2006-2019**	2005-2006	–	–
Interest rate in KZT	**11.0%-11.3%**	–	–	11.3%-16.0%	–	–
Interest rate in USD	**11.3%**	–	**10.0%-18.0%**	–	–	–
Deposits:						
Maturity	**2006**	**2006**	**2007-2019**	2005	2005	2007
Interest rate in KZT	**7.5%**	**8.0%-9.5%**	**10.0%-11.0%**	–	9.0%	–
Interest rate in Euro	–	–	**4.5%**	–	–	–
Interest rate in USD	–	–	**5.0%-8.5%**	1.0%-7.5%	–	8.0%

Included in the table above are the following transactions with related parties:

Operations with associates such as: deposits placed with the Bank and mutual investments, commission income.

Shareholders, including: loans - including provisioning matters, deposits placed with the Bank, guarantees and letters of credit, commission income.

Members of Management Board and Board of Directors, including: loans - including provisioning matters, deposits placed with the Bank, total remuneration paid during the year, commission income.

(Thousands of Kazakhstani Tenge)

31. Capital Adequacy

The FMSA requires banks to maintain a capital adequacy ratio of 12% of risk-weighted assets, computed on the basis of statutory accounting. At December 31, 2005 and 2004, the Bank's capital adequacy ratios on this basis exceeded the statutory minimum.

The Bank's international risk based capital adequacy ratios computed in accordance with the Basel Accord guidelines issued in 1988, with subsequent amendments excluding the amendment to incorporate market risks at December 31, 2005 and 2004, were 19.23% and 17.30%, respectively. These ratios exceeded the minimum ratio of 8% recommended by the Basel Accord.

JSC Nurbank

Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2006
Together with Independent Accountants' Review Report

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and the Board of Directors of JSC Nurbank –

We have reviewed the accompanying interim condensed consolidated balance sheet of JSC Nurbank and its Subsidiaries (together the "Bank") as of June 30, 2006, and the related interim condensed consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

July 28, 2006
Almaty, Kazakhstan

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(Thousands of Kazakhstani Tenge)

	Notes	*June 30, 2006 (unaudited)*	*December 31, 2005*
Assets			
Cash and cash equivalents	3	**19,515,291**	23,060,242
Obligatory reserves	4	**1,104,163**	1,344,789
Financial assets at fair value through profit or loss	5	**12,424,058**	9,921,757
Amounts due from credit institutions	6	**1,537,743**	3,888,750
Available-for-sale securities	7	**7,833,577**	5,276,421
Loans to customers	8, 9	**94,465,632**	73,491,978
Investments in associates		**–**	131,478
Property and equipment		**3,064,977**	3,055,164
Intangible assets		**277,290**	229,607
Reserves for insurance claims, reinsurance share		**16,275**	25,538
Other assets		**1,384,219**	1,056,663
Total assets		**141,623,225**	121,482,387
Liabilities			
Amounts due to the Government	11	**54,248**	81,119
Amounts due to credit institutions	12	**38,319,640**	23,158,196
Amounts due to customers	13	**47,245,576**	46,492,311
Debt securities issued	14	**35,452,720**	36,154,346
Reserves for insurance claims		**199,842**	196,269
Provisions	9	**85,246**	83,842
Net deferred tax liabilities	10	**276,812**	223,569
Other liabilities		**1,346,826**	1,053,162
Total liabilities		**122,980,910**	107,442,814
Shareholders' equity			
Share capital			
- common shares	15	**8,644,800**	5,120,000
- preferred shares	15	**1,355,200**	1,000,000
Additional paid-in capital		**30,205**	100
Treasury shares		**(8,900)**	–
Securities revaluation reserve		**(285,295)**	(167,058)
Property and equipment revaluation reserve		**491,932**	494,728
Retained earnings		**8,045,343**	7,389,928
Total equity attributable to shareholders of the Bank		**18,273,285**	13,837,698
Minority interest		**369,030**	201,875
Total shareholders' equity		**18,642,315**	14,039,573
Total liabilities and shareholders' equity		**141,623,225**	121,482,387
Financial commitments and contingencies	16		

Signed and authorized for release on behalf of the Board of the Bank

Gilimov K. Abilmazhen — Chairman of the Board

Tairov A. Aidyn — Chief Accountant

July 28, 2006

The accompanying notes on pages 6 to 30 are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Thousands of Kazakhstani Tenge)

		Six-month periods ended June 30,	
	Notes	*2006 (unaudited)*	*2005 (unaudited)*
Interest income			
Loans		**5,372,711**	4,710,625
Securities		**496,985**	204,272
Credit institutions		**251,135**	151,362
		6,120,831	5,066,259
Interest expense			
Deposits from customers		**(816,102)**	(1,096,775)
Deposits and loans from credit institutions		**(1,221,059)**	(624,420)
Debt securities		**(1,824,815)**	(822,951)
		(3,861,976)	(2,544,146)
Net interest income before impairment		**2,258,855**	2,522,113
Impairment of interest earning assets	9	**(338,925)**	(236,695)
Net interest income		**1,919,930**	2,285,418
Fee and commission income	17	**973,572**	646,842
Fee and commission expense	17	**(197,517)**	(123,071)
Fees and commissions		**776,055**	523,771
Gains less losses from financial assets at fair value through profit or loss		**(565,393)**	11,615
Gains less losses from available-for-sale securities		**(5,875)**	7,317
Gains less losses from foreign currencies:			
-dealing		**165,271**	341,183
-translation differences		**664,138**	(381,776)
Share of income from associates		**–**	14,016
Insurance underwriting income		**98,760**	144,016
Insurance underwriting expense		**(3,766)**	(86,324)
Other income	18	**222,218**	45,993
Non interest income		**575,353**	96,040
Salaries and other employees' benefits	19	**(1,048,803)**	(871,011)
Depreciation and amortisation		**(216,210)**	(147,847)
Taxes other than income tax	20	**(69,449)**	(80,381)
Administrative and operating expenses	19	**(968,065)**	(918,846)
(Other provisions)/reversal of provision	9	**(1,404)**	60,273
Non interest expense		**(2,303,931)**	(1,957,812)
Income before income tax expense		**967,407**	947,417
Income tax expense	10	**(152,026)**	(99,237)
Net income after income tax		**815,381**	848,180
Attributable to:			
Equity holders of the parent		**788,139**	824,630
Minority interest in net income		**27,242**	23,550
Basic earnings per share (in Kazakhstani Tenge)	21	**1,139**	1,649
Diluted earnings per share (in Kazakhstani Tenge)	21	**840**	1,177

The accompanying notes on pages 6 to 30 are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Kazakhstani Tenge)

	Attributable to shareholders of the Bank									
	Share Capital-Common Shares	*Share Capital-Preferred Shares*	*Additional Paid-in Capital*	*Treasury Shares*	*Securities' Revaluation Reserve*	*Property and Equipment Revaluation Reserve*	*Retained Earnings*	*Total*	*Minority Interest*	*Total Share-holders' Equity*
December 31, 2004	4,000,000	1,000,000	100	–	(122,439)	–	5,536,511	10,414,172	146,193	10,560,365
Fair value change of available-for-sale securities, net of tax	–	–	–	–	70,813	–	–	70,813	–	70,813
Realised fair value change of available-for-sale securities	–	–	–	–	(7,317)	–	–	(7,317)	–	(7,317)
Total income and expense recognized directly in equity	–	–	–	–	63,496	–	–	63,496	–	63,496
Net income	–	–	–	–	–	–	824,630	824,630	23,550	848,180
Total income	–	–	–	–	63,496	–	824,630	888,126	23,550	911,676
June 30, 2005 (unaudited)	4,000,000	1,000,000	100	–	(58,943)	–	6,361,141	11,302,298	169,743	11,472,041
Fair value change of available-for-sale securities, net of tax	–	–	–	–	(41,282)	–	–	(41,282)	–	(41,282)
Realised fair value change of available-for-sale securities	–	–	–	–	(66,833)	–	–	(66,833)	–	(66,833)
Revaluation of property and equipment, net of tax	–	–	–	–	–	494,728	–	494,728	–	494,728
Total income and expense recognized directly in equity	–	–	–	–	(108,115)	494,728	–	386,613	–	386,613
Net income	–	–	–	–	–	–	1,128,787	1,128,787	32,132	1,160,919
Total income	–	–	–	–	(108,115)	494,728	1,128,787	1,515,400	32,132	1,547,532
Capital contributions	1,120,000	–	–	–	–	–	–	1,120,000	–	1,120,000
Dividends - preferred shares	–	–	–	–	–	–	(100,000)	(100,000)	–	(100,000)
December 31, 2005	5,120,000	1,000,000	100	–	(167,058)	494,728	7,389,928	13,837,698	201,875	14,039,573

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Kazakhstani Tenge)

	Attributable to shareholders of the Bank									
	Share Capital-Common Shares	*Share Capital-Preferred Shares*	*Additional Paid-in Capital*	*Treasury Shares*	*Securities' Revaluation Reserve*	*Property and Equipment Revaluation Reserve*	*Retained Earnings*	*Total*	*Minority Interest*	*Total Share-holders' Equity*
December 31, 2005	5,120,000	1,000,000	100	–	(167,058)	494,728	7,389,928	13,837,698	201,875	14,039,573
Fair value change of available-for-sale securities, net of tax	–	–	–	–	(124,112)	–	–	(124,112)	–	(124,112)
Realised fair value change of available-for-sale securities	–	–	–	–	5,875	–	–	5,875	–	5,875
Release of property and equipment revaluation reserve on usage of previously revalued assets	–	–	–	–	–	(2,796)	2,796	–	–	–
Total income and expense recognized directly in equity	–	–	–	–	(118,237)	(2,796)	2,796	(118,237)	–	(118,237)
Net income	–	–	–	–	–	–	788,139	788,139	27,242	815,381
Total income	–	–	–	–	(118,237)	(2,796)	790,935	669,902	27,242	697,144
Capital contributions	3,524,800	355,200	30,105	–	–	–	–	3,910,105	–	3,910,105
Dividends - preferred shares	–	–	–	–	–	–	(135,520)	(135,520)	–	(135,520)
Minority interest arising on acquisition of subsidiary	–	–	–	–	–	–	–	–	291,050	291,050
Acquisition of minority interests in existing subsidiaries	–	–	–	–	–	–	–	–	(151,137)	(151,137)
Purchase of treasury shares	–	–	–	(8,900)	–	–	–	(8,900)	–	(8,900)
June 30, 2006 (unaudited)	8,644,800	1,355,200	30,205	(8,900)	(285,295)	491,932	8,045,343	18,273,285	369,030	18,642,315

The accompanying notes on pages 6 to 30 are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Kazakhstani Tenge)

	Six-month periods ended June 30, 2006 (unaudited)	2005 (unaudited)
Cash flows from operating activities:		
Net income before income taxes and minority interest	**967,407**	947,417
Adjustments for:		
Impairment of interest earning assets	**338,925**	236,695
Other provisions/(reversal of provisions)	**1,404**	(60,273)
Depreciation and amortization	**216,210**	147,847
Loss from disposal of property and equipment	**3,960**	3,063
Reserves for insurance claims	**12,836**	(42,041)
Income from associate	–	(14,016)
Unrealised foreign exchange (gain) loss	**(519,476)**	295,595
Gain on acquisition of subsidiary	**(164,500)**	–
Operating income before changes in net operating assets	**856,766**	1,514,287
(Increase) decrease in operating assets:		
Obligatory reserves	**240,626**	306,072
Financial assets at fair value through profit or loss	**(3,705,451)**	(3,582,152)
Amounts due from credit institutions	**2,307,529**	(26,206,132)
Loans to customers	**(25,828,102)**	2,643,313
Other assets	**(366,912)**	(1,266,825)
Increase (decrease) in operating liabilities:		
Amounts due to the Government	**(26,871)**	(59,519)
Amounts due to credit institutions	**18,603,262**	3,567,489
Amounts due to customers	**2,780,175**	(6,174,780)
Other liabilities	**347,596**	1,142,516
Net cash used in operating activities before income taxes	**(4,791,382)**	(28,115,731)
Income tax paid	**(148,123)**	(165,000)
Net cash used in operating activities	**(4,939,505)**	(28,280,731)
Cash flows from investing activities		
Purchase of available-for-sale securities	**(6,151,102)**	(91,744)
Sale of available-for-sale securities	**3,233,283**	166,204
Purchase of premises and equipment	**(319,078)**	(746,677)
Proceeds from sale of premises and equipment	**113,333**	291,031
Purchase of intangible assets	**(71,921)**	(70,981)
Net cash acquired on acquisition of subsidiaries	**67,034**	–
Net cash used in investing activities	**(3,128,451)**	(452,167)
Cash flows from financing activities:		
Proceeds from issue of share capital	**3,910,105**	–
Treasury shares	**(8,900)**	–
Dividends paid	**(135,520)**	–
Debt securities issued	**1,892,887**	24,662,621
Long-term loans received from credit institutions	**1,121,519**	17,149,113
Redemption of long-term loans received from credit institutions	**(1,008,921)**	(1,321,738)
Net cash provided by financing activities	**5,771,170**	40,489,996
Effect of exchange rates changes on cash and cash equivalents	**(1,248,165)**	162,105
Net change in cash and cash equivalents	**(3,544,951)**	11,919,203
Cash and cash equivalents at the beginning of the period	**23,060,242**	10,674,410
Cash and cash equivalents at the end of the period (*Note 3*)	**19,515,291**	22,593,613
Supplementary information:		
Interest received	**5,864,031**	4,476,731
Interest paid	**(3,963,903)**	(2,234,216)

The accompanying notes on pages 6 to 30 are an integral part of these unaudited interim condensed consolidated financial statements.

(Thousands of Kazakhstani Tenge)

1. Principal Activities

JSC Nurbank and its subsidiaries (the "Bank") provide retail and corporate banking, pension, insurance and asset management services in Kazakhstan. The Bank was registered as open joint stock company in 1993. Due to a change in legislation introduced in 2003, the Bank was reregistered as a joint stock company on November 9, 2004. The Bank is incorporated and domiciled in the Republic of Kazakhstan.

The Bank's primary business consists of originating loans and guarantees, attracting deposits from legal entities and individuals, trading with securities, foreign currency and derivative instruments, and credit card operations.

The address of the Bank's registered office is: 168B Zheltoksan Street, Almaty, 050013, Republic of Kazakhstan. The Bank has a primary listing in the Kazakhstani Stock Exchange (the "KASE") and certain of the Bank's debt securities issued are primarily listed on London Stock Exchange with security listing on KASE. The Bank's head office is in Almaty. As of June 30, 2006, the Bank had 15 branches, 17 cash settlement units (December 31, 2005: 15 branches, 21 cash settlements units) located throughout Kazakhstan.

As of June 30, 2006, the following shareholders owned more than 5% of the outstanding common shares:

Shareholder	**%**
A-Holding LLP	9.99
Almaty Sakhar JSC	9.99
Alma TV JSC	9.96
Sakharny Center JSC	9.74
Alma Tur JSC	8.55
Novy Mir Company Limited JSC	7.75
Other	44.02
Total	**100.00**

2. Basis of Preparation

General

The accompanying interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Accordingly, they do not include all of the information required by IFRS for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and provisions) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006.

These interim condensed consolidated financial statements are presented in thousands of Kazakh tenge ("KZT" or "tenge"), except per share amounts and unless otherwise indicated. The KZT is utilized as the shareholders, the managers and the regulators measure the Bank's performance in KZT. In addition, the KZT, being the national currency of the Republic of Kazakhstan, is the currency that reflects the economic substance of the underlying events and circumstances relevant to the Bank. Transactions in other currencies are treated as transactions in foreign currencies.

These interim condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements as of December 31, 2005, considering the effect of the adoption of the new IFRSs and revision of the existing IASs.

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. The primary estimates, which relate to the allowance for loan impairment and deferred taxes, are based on information available as of the date of the financial statements. Actual results, therefore, could differ from these estimates.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2005, except for the adoption of the following amendments mandatory for annual periods beginning on or after January 1, 2006:

(Thousands of Kazakhstani Tenge)

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

IAS 39- *Financial Instruments: Recognition and Measurement* ("IAS 39")- *Amendment for financial guarantee contracts*- which amended the scope of IAS 39 to include financial guarantee contracts issued. The amendment addresses the treatment of financial guarantee contracts by the issuer. Under IAS 39 as amended financial guarantee contracts are recognised initially at fair value and generally remeasured at the higher of the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*;

IAS 39- *Amendment for hedges of forecast intragroup transactions*- which amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the financial statements;

IAS 39- *Amendment for the fair value option*- which restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit or loss.

The adoption of these amendments did not affect the Bank's results of operations or financial position.

Consolidated Subsidiaries

Subsidiaries, which are those entities in which the Bank has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank.

Acquisition of subsidiaries

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Bank. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of purchase consideration over the fair value of the Bank's share of identifiable net assets is recorded as goodwill. If the cost of the acquisition is less than the fair value of the Bank's share of identifiable net assets of the subsidiary acquired the difference is recognised directly in the statement of income.

Minority interest is the interest in subsidiaries not held by the Bank. Minority interest at the balance sheet date represents the minority shareholders' portion of the fair value of the identifiable assets and liabilities of the subsidiary at the acquisition date and the minorities' portion of movements in equity since the date of the combination. Minority interest is presented within equity.

Increases in ownership interests in subsidiaries

The differences between the carrying values of net assets attributable to interests in subsidiaries acquired and the consideration given for such increases are charged or credited to the income statement.

(Thousands of Kazakhstani Tenge)

2. Basis of Preparation (continued)

Consolidated Subsidiaries (continued)

The interim condensed consolidated financial statements include the following subsidiaries:

Subsidiary	*Holding %*	*Country*	*Date of incorpo-ration*	*Activities*	*Date of acquisition*	*Total assets*	*Equity*	*Net income (loss)*
June 30, 2006								
JSC "KUPA NUR-TRUST "	100	Kazakhstan	July 2001	Asset Management	July 2001	307,736	309,495	60,973
LLP "Leasing company NUR-INVEST"	100	Kazakhstan	July 2001	Leasing	July 2001	1,664,098	349,471	8,229
JSC "Money Experts"	100	Kazakhstan	March 2002	Brokerage	October 2002	125,728	109,280	21,534
LLP "Grand Lombard"	100	Kazakhstan	November 1999	Pawn Shop	November 1999	44,114	25,952	1,446
JSC "Insurance Company Nurpolicy"	82	Kazakhstan	December 1999	Insurance	May 2004	672,202	468,965	65,215
JSC APF "Atameken"	53	Kazakhstan	August 1997	Pension Fund	June 2006	623,483	599,941	(18,657)

Subsidiary	*Holding %*	*Country*	*Date of incorpo-ration*	*Activities*	*Date of acquisition*	*Total assets*	*Equity*	*Net income*
December 31, 2005								
JSC "KUPA NUR-TRUST "	100	Kazakhstan	July 2001	Asset Management	July 2001	237,086	231,344	34,364
LLP "Leasing company NUR-INVEST"	100	Kazakhstan	July 2001	Leasing	July 2001	1,901,344	341,242	24,864
JSC "Money Experts"	100	Kazakhstan	March 2002	Brokerage	October 2002	86,555	87,746	13,422
LLP "Grand Lombard"	100	Kazakhstan	November 1999	Pawn Shop	November 1999	34,676	24,506	853
JSC "Insurance Company Nurpolicy"	50	Kazakhstan	December 1999	Insurance	May 2004	605,911	403,750	111,364

(Thousands of Kazakhstani Tenge)

2. Basis of Preparation (continued)

Business combination

On December 31, 2003, the Bank acquired 34.15% of the share capital of JSC APF "Atameken", which had been accounted for under the equity method until June 28, 2006. On June 28, 2006, the Bank acquired additional 5.10% of the voting shares of JSC APF "Atameken" from existing shareholders, and simultaneously increased its share capital to 52.95% by additional contribution to the share capital of KZT 85,700 thousand. The Bank commenced consolidating JSC APF "Atameken" within its consolidated financial statements starting from June 28, 2006.

The fair value of the identifiable assets and liabilities of JSC APF "Atameken" as of the date of acquisitions were:

	Recognised on acquisition (34.15%)	*Recognised on acquisition (5.10%)*	*Recognised on acquisition (52.95%)*
Cash and cash equivalents	187,400	113,534	199,234
Available-for-sale securities	74,063	325,620	325,620
Accounts receivable	41,266	40,625	40,625
Other assets	21,731	63,338	63,338
	324,460	543,117	628,817
Other liabilities	(28,142)	(10,219)	(10,219)
	(28,142)	(10,219)	(10,219)
Fair value of net assets	296,318	532,898	618,598
Bank's share of the fair value of net assets	101,193	27,178	327,548
Consideration paid	(101,193)	(15,000)	(85,700)
Change of Bank's share in net assets after contribution to share capital	–	–	118,385
Excess of share in fair value of the identifiable assets and liabilities over consideration paid	–	12,178	32,685

As of the purchase dates the estimated fair values of net assets approximated their carrying values.

The financial results of JSC APF "Atameken" for the period from June 28, 2006, the date of acquisition, to June 30, 2006 were a net loss of KZT 18,657 thousand. Had the Bank consolidated in its statement of income the results of JSC APF "Atameken" starting from January 1, 2006, the Bank's revenue and net income would have been KZT 271,444 thousand and KZT 110,835 thousand, respectively. The excess of the Bank's share in the fair value of the identifiable assets and liabilities of JSC APF "Atameken" over the consideration paid of KZT 44,863 thousand was recorded in the income statement within other income.

The total cost of the combination was KZT 100,700 thousand and was paid entirely in cash. The net cash inflow on acquisition was as follows:

Cash paid	(100,700)
Less: cash acquired with the subsidiary	199,234
Net cash inflow	98,534

Increase in ownership interest in subsidiaries

On June 28, 2006, the Bank increased its holding in the share capital of JSC "Insurance Company Nurpolicy" from 50.0% to 81.5% by purchase of 315 common shares from a minority holder for KZT 31,500 thousand. The excess of the Bank's cost of the additional interest in JSC "Insurance Company Nurpolicy" over the minority interest's share of the assets and liabilities reflected in the consolidated balance sheet at the acquisition date of KZT 119,637 thousand was recorded in income statement within other income.

(Thousands of Kazakhstani Tenge)

2. Basis of Preparation (continued)

Associates accounted for under the equity method

The following associate is accounted for under the equity method:

Associate	*Holding %*	*Country*	*Date of incorpo-ration*	*Activities*	*Date of acquisition*	*Share in net assets*	*Share in net income*
December 31, 2005							
JSC APF "Atameken"	34.15	Kazakhstan	August 1997	Pension Fund	December 2003	138,658	22,628

The Bank had no associates as of June 30, 2006.

3. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	June 30, 2006 (unaudited)	*December 31, 2005*
Cash on hand	**2,965,443**	3,132,920
Current accounts with the NBK	**8,827,846**	1,282,979
Current accounts with other credit institutions	**6,663,236**	12,604,991
Short-term deposits with the NBK	**1,000,417**	4,001,361
Short-term deposits with other banks	**58,349**	857,889
Overnight deposits with other banks	**–**	1,180,102
Cash and cash equivalents	**19,515,291**	23,060,242

Interest rates and maturity of the term deposits follow:

	June 30, 2006 (unaudited)		*December 31, 2005*	
	KZT	**US Dollar, Euro**	**KZT**	**US Dollar, Euro**
Short-term deposits with the NBK	**3.75%**	–	3.50%	–
Short-term deposits with other banks	**9.10%-10.00%**	–	5.50%	4.00%-6.50%
Overnight deposits in other banks	–	–	–	2.20%-6.00%

As of June 30, 2006, the top 10 banks accounted for 90.0% of total cash and cash equivalents and represented 94.2% of the Bank's total shareholders' equity. As of December 31, 2005, 10 banks accounted for 80.2% of total cash and cash equivalents and represented 131.3% of the Bank's total shareholders' equity.

4. Obligatory Reserves

Obligatory reserves comprised non-interest deposit with the NBK as of June 30, 2006 and December 31, 2005.

Under Kazakh legislation, the Bank is required to maintain certain obligatory reserves, which are computed as a percentage of certain liabilities of the Bank. Such reserves must be held in either non-interest bearing deposits with the NBK or in physical cash and maintained based on average monthly balances of the aggregate of deposits with the NBK and physical cash. The use of such funds is, therefore, subject to certain usage restrictions.

(Thousands of Kazakhstani Tenge)

5. Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss comprise:

	June 30, 2006 (unaudited)	*December 31, 2005*
Debt securities:		
Treasury bills of OECD governments	**5,439,831**	3,212,508
Eurobonds of Kazakh banks	**4,358,798**	2,514,477
Eurobonds of foreign credit institutions, other than banks	**968,341**	2,429,752
Bonds of Kazakh banks	**526,513**	533,620
Bonds of Kazakh credit institutions, other than banks	**401,450**	280,967
Corporate bonds	**145,867**	781,967
Eurobonds of foreign banks	**112,818**	134,789
Notes of the NBK	**83,399**	–
Treasury bills of the Ministry of Finance	**30,971**	33,677
	12,067,988	9,921,757
Other securities:		
Index performance securities of foreign banks	**356,070**	–
	356,070	–
Financial assets at fair value through profit or loss	**12,424,058**	9,921,757

Interest rates and maturities of these securities follow:

	June 30, 2006 (unaudited)		*December 31, 2005*	
	%	*Maturity*	*%*	*Maturity*
Treasury bills of OECD governments	**3.25%-6.90%**	**2010-2037**	5.40%-6.90%	2010-2033
Eurobonds of Kazakh banks	**5.13%-9.25%**	**2007-2049**	6.50%-9.00%	2007-2020
Eurobonds of foreign credit institutions, other than banks	**5.78%**	**2031**	3.85%-4.11%	2031
Bonds of Kazakh banks	**7.00%**	**2007**	7.00%-11.00%	2007-2008
Bonds of Kazakh credit institutions, other than banks	**7.50%-9.00%**	**2009-2013**	7.50%-9.00%	2009-2013
Corporate bonds	**8.50%**	**2006**	6.90%-14.00%	2006-2011
Eurobonds of foreign banks	**4.60%**	**2014**	4.60%	2014
Notes of the NBK	**3.09%**	**2006**	–	–
Treasury bills of the Ministry of Finance	**6.30%**	**2012**	6.30%	2006-2012
Index performance securities of foreign banks	–	**2008-2011**	–	–

6. Amounts Due From Credit Institutions

Amounts due from credit institutions comprise:

	June 30, 2006 (unaudited)	*December 31, 2005*
Short-term placements with other banks	**894,060**	714,583
Long-term placements with other banks	**346,310**	135,370
Reverse REPO agreements	**256,473**	2,715,448
Card settlements with credit institutions	**40,900**	323,349
Amounts due from credit institutions	**1,537,743**	3,888,750

Interest rates and maturities of these balances follow:

	June 30, 2006 (unaudited)		*December 31, 2005*	
	%	*Maturity*	*%*	*Maturity*
Short-term placements with other banks	**7.50%-11.20%**	**2006-2007**	9.00%-9.70%	2006
Long-term placements with other banks	**3.50%-9.20%**	**2007-2011**	3.50%	2011
Reverse REPO agreements	**0.68%-10.00%**	**2006**	3.00%-10.50%	2006-2007

Included in short-term placements with other banks at June 30, 2006 is a non-interest bearing deposit in a local bank amounting to KZT 142,903 thousand (December 31, 2005: KZT 114,419 thousand) as a collateral for operations with VISA cards.

(Thousands of Kazakhstani Tenge)

7. Available-for-sale Securities

Available-for-sale securities comprise:

	June 30, 2006 (unaudited)	*December 31, 2005*
Debt securities:		
Corporate bonds	**2,114,812**	786,723
Eurobonds of Kazakh banks	**1,872,905**	1,931,807
Sovereign bonds of Kazakhstan	**1,046,332**	1,643,833
Bonds of Kazakh banks	**825,751**	201,075
Treasury bills of the Ministry of Finance	**733,819**	464,187
Bonds of Kazakh credit institutions, other than banks	**652,113**	13,850
Notes of foreign credit institutions	**262,196**	–
Local municipal bonds	**83,002**	17,637
	7,590,930	5,059,112
Equity securities:		
Shares of local banks	**242,647**	217,309
	242,647	217,309
Available-for-sale securities	**7,833,577**	5,276,421

Interest rates and maturities of these securities follow:

	June 30, 2006 (unaudited)		*December 31, 2005*	
	%	*Maturity*	*%*	*Maturity*
Corporate bonds	**6.50%-10.90%**	**2006-2016**	8.50%	2006
Eurobonds of Kazakh banks	**7.13%-10.13%**	**2007-2013**	7.13%-10.13%	2007-2013
Sovereign bonds of Kazakhstan	**11.13%**	**2007**	11.13%	2007
Bonds of Kazakh banks	**7.50%-15.00%**	**2007-2015**	8.00%-12.00%	2007-2010
Treasury bills of the Ministry of Finance	**3.50%-6.48%**	**2006-2013**	3.50%-8.29%	2006-2013
Bonds of Kazakh credit institutions, other than banks	**8.50%-11.20%**	**2008-2014**	8.30%	2006-2011
Notes of foreign credit institution	**9.00%**	**2021**	–	–
Local municipal bonds	**8.50%-8.60%**	**2006**	8.50%	2006

8. Loans to Customers

Loans to customers comprise:

	June 30, 2006 (unaudited)	*December 31, 2005*
Loans to customers	**97,628,497**	76,323,337
Less – Allowance for loan impairment (Note 9)	**(3,162,865)**	(2,831,359)
Loans to customers	**94,465,632**	73,491,978

As of June 30, 2006, the annual interest rates charged by the Bank ranged between 12% and 21% per annum for KZT-denominated loans (December 31, 2005: 12%-23%) and between 11% and 16% per annum for foreign currency-denominated loans (December 31, 2005: 12%-20%).

Loans to customers are analysed as follows:

	June 30, 2006 (unaudited)	*December 31, 2005*
Commercial entities	**80,436,562**	61,165,539
Individuals	**17,191,935**	15,157,798
	97,628,497	76,323,337

(Thousands of Kazakhstani Tenge)

8. Loans to Customers (continued)

Loans are made to individuals and commercial entities within Kazakhstan to the following sectors:

	June30, 2006 (unaudited)	*%*	***December 31, 2005***	*%*
Individuals	**17,191,935**	**18**	15,157,798	20
Wholesale trade, including:	**19,048,328**	**19**	9,082,266	12
-oil products	***12,792,456***	***13***	*3,914,079*	*5*
-foodstuff	***1,538,010***	***2***	*1,359,639*	*2*
-oil field equipment	***1,523,909***	***2***	*1,789,227*	*2*
-computers and consumer electronics	***909,191***	***1***	*442,666*	*1*
-raw-cotton	***460,700***	–	*478,925*	*1*
-construction materials	***278,394***	–	*204,112*	–
-mobile phones	***151,779***	–	*169,481*	–
-other	***1,393,889***	***1***	*724,137*	*1*
Construction	**14,873,273**	**15**	12,071,194	16
Food industry	**10,401,291**	**11**	10,403,920	14
Agriculture	**6,466,341**	**7**	6,035,767	8
Communication	**4,850,538**	**5**	4,502,039	6
Transportation	**4,043,972**	**4**	3,877,527	5
Rental properties	**3,738,749**	**4**	3,982,430	5
Real estate	**2,677,780**	**3**	2,347,406	3
Retail trade	**2,576,183**	**3**	744,987	1
-rental properties	***1,510,070***	***2***	*208,571*	*1*
-foodstuff	***421,958***	–	*162,330*	–
-clothing	***61,381***	–	*69,758*	–
-furniture	***44,643***	–	*18,041*	–
-construction materials	***18,300***	–	*19,661*	–
-household appliance	***8,130***	–	*4,505*	–
-repair services	***6,741***	–	*189,453*	–
-other consumer goods	***504,960***	***1***	*72,668*	–
Auto service and trade	**2,468,095**	**3**	2,070,610	3
Entertainment	**1,956,589**	**2**	1,809,137	2
Financial intermediation	**1,346,343**	**1**	31,339	–
Research and consulting service	**1,070,818**	**1**	580,890	1
Publishing	**1,013,645**	**1**	878,941	1
Hotels and restaurants	**689,456**	**1**	486,712	1
Mining	**562,688**	–	452,209	–
Production of non-metal mineral products	**536,281**	–	297,873	–
Medical care	**100,008**	–	35,298	–
Other	**2,016,184**	**2**	1,474,994	2
	97,628,497	**100**	76,323,337	100

At June 30, 2006, the top 10 borrowers accounted for 27% of the Bank's gross loan portfolio and represented 140% of the Bank's shareholders' equity. As of December 31, 2005, the top 10 borrowers accounted for 29% of the Bank's gross loan portfolio and represented 159% of the Bank's shareholders' equity. The gross value of these loans as of June 30, 2006 and December 31, 2005, were KZT 26,011,829 thousand and KZT 22,382,219 thousand, respectively.

(Thousands of Kazakhstani Tenge)

9. Impairment and Provisions

The movements on the allowances for impairment of interest earning assets and other assets were as follows:

	Loans to customers	*Other assets*	*Total*
December 31, 2004	3,489,168	22,009	3,511,177
Impairment charge (unaudited)	206,908	29,787	236,695
Write-offs (unaudited)	(110,650)	(17,046)	(127,696)
Recoveries (unaudited)	232,714	–	232,714
June 30, 2005 (unaudited)	3,818,140	34,750	3,852,890
(Reversal)/impairment charge (unaudited)	(1,081,975)	60,928	(1,021,047)
Write-offs (unaudited)	(29,623)	(3,522)	(33,145)
Recoveries (unaudited)	124,817	1,075	125,892
December 31, 2005	2,831,359	93,231	2,924,590
Impairment charge (unaudited)	**302,720**	**36,205**	**338,925**
Write-offs (unaudited)	**(4,836)**	**(88,265)**	**(93,101)**
Recoveries (unaudited)	**33,622**	**–**	**33,622**
June 30, 2006 (unaudited)	**3,162,865**	**41,171**	**3,204,036**

Allowances for impairment of assets are deducted from the related assets.

The movements on the other provisions were as follows:

	Guarantees and commitments
December 31, 2004	75,683
Reversal of provision	(60,273)
June 30, 2005 (unaudited)	15,410
Charge	68,432
December 31, 2005	83,842
Charge	**1,404**
June 30, 2006 (unaudited)	**85,246**

Provisions for claims, guarantees and commitments are recorded in liabilities.

10. Taxation

The Republic of Kazakhstan was the only tax jurisdiction in which the Bank's income is taxable. The income tax expense comprises:

	Six-month periods ended June 30,	
	2006 (unaudited)	*2005 (unaudited)*
Current tax charge	**97,585**	117,472
Deferred tax charge/(benefit)	**54,441**	(18,235)
Income tax expense	**152,026**	99,237

(Thousands of Kazakhstani Tenge)

10. Taxation (continued)

The reconciliation between the income tax expense in the accompanying financial statements and income before taxes multiplied by the statutory tax rate of 30% for the six-month periods ended June 30, 2006 and 2005 is as follows:

	Six-month periods ended June 30,	
	2006 (unaudited)	2005 (unaudited)
Income before tax and minority interest	**967,407**	947,417
Statutory tax rate	**30%**	30%
Theoretical income tax expense at the statutory rate	**290,222**	284,225
Non deductible expenses:		
Loss on revaluation of securities	**203,199**	5,390
Taxes other than income tax	**17,407**	5,784
Other assets provisions	**10,858**	8,936
Transport expenses	**2,743**	6,632
Charity	**2,582**	6,214
Loss from property and equipment sale	**1,188**	900
Other	**1,314**	419
Tax exempt income:		
Interest on long-term mortgage loans	**(209,591)**	(123,656)
Income from government securities	**(112,905)**	(53,547)
Income of subsidiaries taxed at different rate	**(38,239)**	(34,654)
Other	**(16,752)**	(7,406)
Income tax expense	**152,026**	99,237

Deferred tax assets and liabilities comprised the following:

	June 30, 2006 (unaudited)	December 31, 2005
Deferred tax assets:		
Forward contracts	–	7,511
	–	7,511
Deferred tax liabilities:		
Property and equipment revaluation	**(210,829)**	(212,027)
Investments in subsidiaries	**(49,350)**	–
Property and equipment	**(15,154)**	(19,053)
Forward contracts	**(1,479)**	–
	(276,812)	(231,080)
Net deferred tax liabilities	**(276,812)**	(223,569)

The movements on the deferred tax liability were as follows:

December 31, 2005	(223,569)
Current period release from property and equipment revaluation reserve	**1,198**
Current period charge to statement of income	**(54,441)**
June 30, 2006 (unaudited)	**(276,812)**

Kazakhstan currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Bank is in substantial compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

(Thousands of Kazakhstani Tenge)

11. Amounts Due to the Government

Amounts due to the Government represent funding for loans to agricultural companies, industry enterprises under the program of development of small and medium size business enterprises. Under this program, the Government provided financing to small and medium size business enterprises in Kazakhstan. As of June 30, 2006, these amounts bear interest ranging between 1.0% and 9.0% per annum (December 31, 2005: 1.0% and 10.2%) and mature in 2006-2010 (December 31, 2005: 2006-2010). The Bank bears the credit risk on the loans it advances under this program.

12. Amounts Due to Credit Institutions

Amounts due to credit institutions comprise:

	June 30, 2006 (unaudited)	*December 31, 2005*
Syndicated bank loans	**28,314,871**	15,483,083
Interest-bearing placements from OECD banks	**8,367,676**	5,406,259
Loans from credit institutions, other than banks	**1,351,783**	1,762,000
Interest-bearing placements from Kazakh banks and non OECD banks	**205,867**	340,814
Loro accounts	**79,443**	166,040
Amounts due to credit institutions	**38,319,640**	23,158,196

Interest rates and maturity of amounts due to credit institutions follow:

	June 30, 2006 (unaudited)		*December 31, 2005*	
	%	*Maturity*	*%*	*Maturity*
Syndicated bank loans	**LIBOR+1.90%-LIBOR+1.95%**	**2006-2008**	LIBOR + 1.90%-LIBOR + 2.20%	2006
Interest-bearing placements from OECD banks	**3.71%-8.87%**	**2006-2011**	3.18%-7.79%	2006-2010
Loans from credit institutions, other than banks	**5.43%-7.53%**	**2007-2010**	4.51%-7.30%	2007-2010
Interest-bearing placements from Kazakh banks and non OECD banks	**8.00%**	**2006**	7.36%-8.00%	2006

Financial Covenants

In accordance with the contractual terms of the syndicated bank loans, the Bank is required to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy, and lending exposures. In addition, and in accordance with the terms of certain of those loans, the Bank is required to obtain the approval of the lender before distributing any dividends to the common shareholders other than dividend shares.

Furthermore, certain of the Bank's outstanding financing agreements include covenants restricting the Bank's ability to create security interests over its assets. In addition, the Bank's default under these covenants could result in cross-defaults under the terms of the Bank's other financing arrangements. Management believes that the Bank is in compliance with these covenants as of June 30, 2006.

As of June 30, 2006 and December 31, 2005, the Bank has no repurchase agreements.

13. Amounts Due to Customers

The amounts due to customers included balances in customer current accounts and term deposits and were analysed as follows:

	June 30, 2006 (unaudited)	*December 31, 2005*
Current accounts:		
Commercial entities	**14,699,731**	9,847,066
Individuals	**2,581,515**	921,433
Governmental entities	**9,991**	6,647
Time deposits:		
Commercial entities	**13,951,755**	20,738,164
Individuals	**12,558,474**	12,388,899
Held as security against guarantees and letters of credit	**3,444,110**	2,590,102
Amounts due to customers	**47,245,576**	46,492,311

(Thousands of Kazakhstani Tenge)

13. Amounts Due to Customers (continued)

Interest rates and maturities of amounts due to customers follow:

	June 30, 2006 (unaudited)				December 31, 2005			
	KZT		USD/EURO		KZT		USD/EURO	
	%	Maturity	%	Maturity	%	Maturity	%	Maturity
Current accounts	**up to 2.0%**	**–**	**up to 3.0%**	**–**	up to 2.00%	–	up to 3.00%	–
Time deposits	**1.0%-16.0%**	**2006-2019**	**1.0%-10.0%**	**2006-2019**	1.50%-16.00%	2006-2019	1.00%-10.00%	2006-2019
Held as security against guarantees and letters of credit	**up to 9.2%**	**2006-2007**	**up to 8.75%**	**2006-2008**	3.50%-12.00%	2006-2010	2.00%-8.75%	2006-2019

As of June 30, 2006 and December 31, 2005, the Bank's ten largest customers accounted for approximately 27% and 40% respectively, of the total amounts due to customers. An analysis of customer accounts by sector follows:

	June 30, 2006 (unaudited)	%	December 31, 2005	%
Individuals	**15,139,989**	**32**	13,310,332	29
Wholesale trading, including:	**9,537,948**	**21**	5,417,289	11
- oil products	***3,232,143***	***7***	*122,837*	–
- equipment	***2,786,681***	***6***	*3,067,336*	*7*
- computers and consumer electronics	***866,114***	***2***	*44,477*	–
- foodstuff	***731,603***	***2***	*517,955*	*1*
- consumer products	***488,405***	***1***	*673,320*	*1*
- construction materials	***126,277***	**–**	*43,107*	–
- other	***1,306,725***	***3***	*948,257*	*2*
Financial	**5,976,837**	**13**	3,953,192	9
Held as security against guarantees and letters of credit	**3,444,110**	**7**	2,590,102	6
Oil and gas	**2,465,253**	**5**	3,601,292	8
Entertainment	**1,675,291**	**4**	1,995,297	4
Construction	**1,653,220**	**3**	9,115,909	20
Sale, repair and service of automobiles	**1,016,591**	**2**	348,464	1
Rental properties	**696,115**	**1**	447,309	1
Agriculture	**687,328**	**1**	85,768	–
Communication	**543,822**	**1**	464,594	1
Food industry	**490,715**	**1**	51,267	–
Research and development	**430,733**	**1**	205,371	–
Retail trade	**256,225**	**1**	378,531	1
Medical care	**253,421**	**1**	97,297	–
Publishing	**247,761**	**1**	175,117	–
Mining	**133,636**	–	2,214,646	5
Power, gas and water distribution	**122,464**	–	76,344	–
Education	**59,330**	–	154,824	–
State management	**9,991**	–	6,647	–
Other	**2,404,796**	**5**	1,802,719	4
	47,245,576	**100**	46,492,311	100

(Thousands of Kazakhstani Tenge)

14. Debt Securities Issued

Debt securities issued consisted of the following:

	June 30, 2006 (unaudited)	*December 31, 2005*
USD fixed rate notes	**18,109,769**	20,393,520
KZT notes	**10,000,000**	9,845,415
KZT floating rate notes	**4,005,500**	4,004,611
KZT subordinated notes indexed to USD	**3,205,067**	3,618,158
KZT subordinated notes	**1,962,019**	–
	37,282,355	37,861,704
Own USD notes held by the Bank	**(1,075,925)**	(966,666)
Own KZT notes held by the Bank	**(398)**	(100,000)
Own KZT subordinated notes indexed to USD held by the Bank	**(6,049)**	(3,253)
	36,199,983	36,791,785
Plus unamortized premium	**6,200**	2,085
Less unamortized discount	**(627,934)**	(463,371)
Less unamortized cost of issuance	**(125,529)**	(176,153)
Debt securities issued	**35,452,720**	36,154,346

The interest rates and maturities of these debt securities issued follow:

	June 30, 2006 (unaudited)		*December 31, 2005*	
	%	*Maturity*	*%*	*Maturity*
USD fixed rate notes	**9.00%**	**4/28/2008**	9.00%	4/28/2008
KZT notes	**8.00%**	**12/30/2008**	8.00%	12/30/2008
KZT floating rate notes	**8.00% p.a. + (1.00% multiplied by inflation index)**	**6/25/2007**	8.00% p.a. + (1.00% multiplied by inflation index)	6/25/2007
KZT subordinated notes indexed to USD	**9.00%**	**6/12/2011**	9.00%	6/12/2011
KZT subordinated notes	**7.50%**	**5/18/2016**	–	–

KZT subordinated notes indexed to USD are unsecured obligations of the Bank and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Bank.

In accordance with the terms of the USD denominated notes, the Bank is required to maintain certain financial covenants particularly with regard to its capital adequacy, lending exposures, limitations on transactions unless such transactions are at fair market value. In addition, the Bank is required to obtain the approval of the lender before distributing any dividends to the common shareholders. Furthermore, the terms of the USD denominated bonds include covenants restricting the Bank's ability to create security interests over its assets. In addition, the Bank's default under these covenants could result in cross-defaults under the terms of the Bank's other financing arrangements. Management believes that the Bank is in compliance with the covenants of the agreements the Bank has with the bonds' trustee and holders.

15. Shareholders' Equity

The number of authorised common and preferred shares are 1,300,000 (December 31, 2005: 1,300,000) and 200,000 (December 31, 2005: 200,000) respectively. Issued and paid share capital as of June 30, 2006 consisted of 864,480 common shares and 135,520 preferred shares (December 31, 2005: 512,000 and 100,000). Each common share is entitled to one vote and dividends. All shares are KZT denominated and have a nominal value of KZT 10 thousand each. Preferred shares are not redeemable with cumulative dividend of a minimum of 10% of the share's nominal per annum, and do not have any voting rights (December 31, 2005: 10%). Dividends on preferred shares cannot be less than the dividends on common shares. Under the Law, the General Meeting of Shareholders has the right to make any decision in accordance with the procedures outlined in the Charter of the Bank with respect to any matter, including non-payment of dividends on preferred shares.

(Thousands of Kazakhstani Tenge)

15. Shareholders' Equity (continued)

Movements of shares authorised, fully paid and outstanding follow:

	Number of shares		Nominal amount		
	Preferred	**Common**	**Preferred**	**Common**	**Total**
December 31, 2004 and June 30, 2005 (unaudited)	100,000	400,000	1,000,000	4,000,000	5,000,000
Capital contributions	–	112,000	–	1,120,000	1,120,000
December 31, 2005	**100,000**	**512,000**	**1,000,000**	**5,120,000**	**6,120,000**
Capital contributions	**35,520**	**352,480**	**355,200**	**3,524,800**	**3,880,000**
June 30, 2006 (unaudited)	**135,520**	**864,480**	**1,355,200**	**8,644,800**	**10,000,000**

During the six-month period ended June 30, 2006, the Bank placed 35,520 preferred shares and 352,480 common shares (2005: nil).

As of June 30, 2006, the Bank's subsidiaries held 890 of the Bank's shares as treasury stock (2005: nil).

According to the annual meeting of shareholders on May 25, 2006, the Bank declared and paid dividends on preferred shares of KZT 135,520 thousand in respect of the year ended December 31, 2005 (December 31, 2005: KZT 100,000 thousand in respect of the year ended December 31, 2004).

16. Commitments and Contingencies

Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank.

Commitments and contingencies

The Bank's financial commitments and contingencies comprised the following:

	June 30, 2006 (unaudited)	*December 31, 2005*
Credit related commitments		
Commitments to extend credit	**18,011,934**	12,751,269
Guarantees	**6,399,545**	2,343,323
Commercial letters of credit	**16,508,507**	10,139,243
	40,919,986	25,233,835
Operating lease commitments		
Not later than 1 year	**48,683**	20,643
Later than 1 year but not later than 5 years	**840,567**	457,312
Later than 5 years	**119,959**	14,957
	1,009,209	492,912
Less cash collateral	**(3,444,110)**	(2,590,102)
Less provisions	**(85,246)**	(83,842)
Commitments and contingencies	**38,399,839**	23,052,803

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing guarantees is essentially the same as involved in extending facilities to other customers.

The Bank applies similar principles as those applied in assessing the required allowance for losses under other credit facilities when assessing the likelihood of loss under a guarantee. Commercial letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction. The Bank requires collateral to support credit-related financial instruments when it is deemed necessary. Collateral held varies, but may include bank deposits , government securities, and other.

As of June 30, 2006, the top ten guarantees accounted for 83% of the Bank's total financial guarantees (December 31, 2005: 75%) and represented 29% (December 31, 2005: 12%) of the Bank's total shareholders' equity.

As of June 30, 2006, the top ten letters of credit accounted for 55% of the Bank's total commercial letters of credit (December 31, 2005: 95%) and 49% (December 31, 2005: 69%) of the Bank's total shareholders' equity.

(Thousands of Kazakhstani Tenge)

17. Fees and Commissions

Fee and commission income for the six-month periods ended June 30, was made from the following sources:

	Six-month periods ended June 30,	
	2006	***2005***
	(unaudited)	***(unaudited)***
Cash operations	**228,933**	136,519
Letters of credit	**152,163**	126,677
Transfer operations	**148,207**	115,108
Settlement operations	**146,488**	83,777
Purchase – sale of currencies	**117,876**	93,517
Guarantees issued	**58,458**	51,170
Commission on pension activity	**51,949**	22,068
Other	**69,498**	18,006
Fee and commission income	**973,572**	646,842

Fee and commission expense comprised the following:

	Six-month periods ended June 30,	
	2006	***2005***
	(unaudited)	***(unaudited)***
Letters of credit	**(84,948)**	(39,993)
Debit/credit cards	**(43,979)**	(30,583)
Transfer operations	**(26,695)**	(25,790)
Cash operations	**(14,395)**	(9,591)
Guarantees issued	**(6,525)**	(2,899)
Securities operations	**(4,361)**	(5,617)
Other	**(16,614)**	(8,598)
Fee and commission expense	**(197,517)**	(123,071)

18. Other Income

Other income comprised the following:

	Six-month periods ended June 30,	
	2006	***2005***
	(unaudited)	***(unaudited)***
Gain on acquisition of subsidiary	**164,500**	–
Gain (loss) from revaluation of forward operations	**4,931**	(5,047)
Other	**52,787**	51,040
Other income	**222,218**	45,993

For details on acquisition of subsidiaries, please, refer to Note 2.

(Thousands of Kazakhstani Tenge)

19. Salaries and Administrative and Operating Expenses

Salaries and other employee benefits, administrative and operating expenses for the six-month periods ended June 30, comprise:

	Six-month periods ended June 30,	
	2006 (unaudited)	***2005 (unaudited)***
Salaries and bonuses	**803,857**	698,240
Social security costs	**114,860**	86,403
Other payments	**130,086**	86,368
Salaries and other employees benefits	**1,048,803**	871,011
Rent	**268,971**	277,314
Advertising expenses	**241,557**	133,185
Communication	**78,681**	71,703
Administrative expenses of subsidiaries	**48,204**	40,839
Repair and maintenance	**36,084**	32,270
Transportation	**32,645**	37,260
Professional services	**31,633**	16,255
Business trip expenses	**20,640**	26,512
Cash collection expenses	**17,540**	14,032
Security	**17,184**	14,510
Insurance of deposits	**16,320**	10,818
Trainings	**14,007**	8,040
Utilities	**12,094**	10,505
Post services	**8,792**	9,732
Stationary and office supplies	**7,805**	9,174
Loss from property and equipment sale	**3,960**	3,063
Information technologies services	**3,752**	1,232
Charity	**2,976**	1,808
Fines and penalties	**2,713**	2,678
Other	**102,507**	197,916
Administrative and operating expenses	**968,065**	918,846

The aggregate remuneration and other benefits paid to 27 members of the Management Board and Board of Directors of the Bank for the six-month period ended June 30, 2006 was KZT 74,207 thousand (June 30, 2005: 25 members and KZT 71,715 thousand, respectively).

20. Taxes Other than Income Tax

Taxes other than income tax comprise:

	Six-month periods ended June 30,	
	2006 (unaudited)	***2005 (unaudited)***
Value added tax	**38,766**	41,166
Property tax	**13,614**	9,836
Other	**11,685**	6,840
Withholding tax to non-residents	**5,384**	22,539
Taxes other than income tax	**69,449**	80,381

(Thousands of Kazakhstani Tenge)

21. Earnings per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to common shareholders by the weighted average number of participating shares outstanding during the year. The Bank does not have any share options or convertible debt or equity instruments.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Six-month periods ended June 30,	
	2006 (unaudited)	*2005 (unaudited)*
Net income attributable to common shareholders for basic earning per share	**788,139**	824,630
Weighted average number of participating shares for basic earnings per share (common and preferred)	**692,243**	500,000
Weighted average number of participating shares for diluted earnings per share (common and preferred)	**937,829**	700,642

Participating shares comprise common shares and preferred shares that have the right to participate equally with common shares in net income distribution.

22. 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's operations are those related to credit, liquidity and market movements in interest and foreign exchange rates. A summary description of the Bank's risk management policies in relation to those risks follows.

Credit Risk

The Bank is exposed to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. 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, and to industry and geographical segments. Limits on the level of credit risk by borrower and product by industry sector and by region are approved regularly by the Board of Directors. Where appropriate, and in the case of most loans, the Bank obtains collateral. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

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. The maximum credit risk exposure, in the event other parties fail to meet their obligations under financial instruments is equal to the carrying value of financial assets as presented in the accompanying financial statements and the disclosed financial commitments.

Concentration

Market Risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. The Bank manages market 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.

(Thousands of Kazakhstani Tenge)

22. Risk Management Policies (continued)

Currency Risk

The Bank is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currencies (primarily USD and EUR), by branches and in total. These limits also comply with the minimum requirements of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (the "FMSA"). The Bank's exposure to foreign currency exchange rate risk follows:

	June 30, 2006 (unaudited)				
	KZT	*USD*	*EUR*	*Other foreign currencies*	*Total*
Assets:					
Cash and cash equivalents	**12,207,162**	**6,381,871**	**629,152**	**297,106**	**19,515,291**
Obligatory reserves	**1,104,163**	**–**	**–**	**–**	**1,104,163**
Financial assets at fair value through profit or loss	**922,840**	**9,766,863**	**1,734,355**	**–**	**12,424,058**
Amounts due from credit institutions	**987,210**	**264,885**	**–**	**285,648**	**1,537,743**
Available-for-sale securities	**2,879,746**	**4,953,831**	**–**	**–**	**7,833,577**
Loans to customers	**55,360,107**	**38,961,866**	**3,306,524**	**–**	**97,628,497**
Reserves for insurance claims, reinsurance share	**16,275**	**–**	**–**	**–**	**16,275**
Other assets	**865,256**	**440,028**	**91,056**	**29,050**	**1,425,390**
	74,342,759	**60,769,344**	**5,761,087**	**611,804**	**141,484,994**
Liabilities:					
Due to the Government	**54,248**	**–**	**–**	**–**	**54,248**
Due to credit institutions	**269,790**	**34,692,608**	**3,357,242**	**–**	**38,319,640**
Due to customers	**31,857,850**	**12,378,132**	**2,286,550**	**723,044**	**47,245,576**
Debt securities issued	**15,380,421**	**20,072,299**	**–**	**–**	**35,452,720**
Reserves for insurance claims	**199,842**	**–**	**–**	**–**	**199,842**
Tax liabilities	**276,812**	**–**	**–**	**–**	**276,812**
Other liabilities	**1,197,055**	**130,764**	**8,582**	**10,425**	**1,346,826**
	49,236,018	**67,273,803**	**5,652,374**	**733,469**	**122,895,664**
Net balance sheet position	**25,106,741**	**(6,504,459)**	**108,713**	**(121,665)**	**18,589,330**

(Thousands of Kazakhstani Tenge)

22. Risk Management Policies (continued)

Currency Risk (continued)

	December 31, 2005				
	KZT	*USD*	*EUR*	*Other foreign currencies*	*Total*
Assets:					
Cash and cash equivalents	7,690,577	13,518,549	1,380,653	470,463	23,060,242
Obligatory reserves	1,344,789	–	–	–	1,344,789
Financial assets at fair value through profit or loss	901,046	9,020,711	–	–	9,921,757
Amounts due from credit institutions	3,360,267	462,944	–	65,539	3,888,750
Available-for-sale securities	913,312	4,363,109	–	–	5,276,421
Loans to customers	41,194,352	32,156,937	2,940,460	31,588	76,323,337
Investments in associates	131,478	–	–	–	131,478
Reserves for insurance claims, reinsurance share	25,538	–	–	–	25,538
Other assets	687,273	341,974	54,161	66,486	1,149,894
	56,248,632	59,864,224	4,375,274	634,076	121,122,206
Liabilities:					
Due to the Government	81,119	–	–	–	81,119
Due to credit institutions	341,451	18,945,474	3,871,271	–	23,158,196
Due to customers	25,932,244	19,874,921	541,230	143,916	46,492,311
Debt securities issued	13,343,113	22,811,233	–	–	36,154,346
Reserves for insurance claims	196,269	–	–	–	196,269
Tax liabilities	223,569	–	–	–	223,569
Other liabilities	969,820	37,464	1,676	44,202	1,053,162
	41,087,585	61,669,092	4,414,177	188,118	107,358,972
Net balance sheet position	15,161,047	(1,804,868)	(38,903)	445,958	13,763,234

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 3,204,036 thousand and KZT 2,924,590 thousand as of June 30, 2006 and December 31, 2005, respectively.

The Bank's principal cash flows (revenues, operating expenses) are largely generated in KZT. As a result, future movements in the exchange rate between KZT and USD will affect the carrying value of the Bank's USD denominated monetary assets and liabilities. Such changes may also affect the Bank's ability to realize investments in non-monetary assets as measured in USD in these financial statements.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The Bank's interest rate policy is reviewed and approved by the Bank's Assets and Liabilities Management Committee.

The table below summarises the Bank's exposure to interest rate risk as of June 30, 2006. Included in the table are the Bank's monetary assets and liabilities at carrying amounts, classified by the earlier of contractual repricing or maturity dates.

(Thousands of Kazakhstani Tenge)

22. Risk Management Policies (continued)

Interest Rate Risk (continued)

	June 30, 2006 (unaudited)						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	18,456,525	1,000,417	58,349	–	–	–	19,515,291
Obligatory reserves	–	–	–	–	1,104,163	–	1,104,163
Financial assets at fair value through profit or loss	–	–	229,266	526,513	3,869,133	7,799,146	12,424,058
Amounts due from credit institutions	142,903	704,283	57,041	471,534	161,982	–	1,537,743
Available-for-sale securities	–	–	750,791	1,643,534	2,325,472	3,113,780	7,833,577
Loans to customers		8,131,874	5,994,075	26,862,924	46,097,300	10,542,324	97,628,497
Reserves for insurance claims, reinsurance share	–	–	–	16,275	–	–	16,275
Other assets	–	688,061	321,951	374,608	28,137	12,633	1,425,390
	18,599,428	10,524,635	7,411,473	29,895,388	53,586,187	21,467,883	141,484,994
Liabilities:							
Due to the Government	–	74	–	6,195	47,979	–	54,248
Due to credit institutions	78,114	797,639	4,424,405	12,083,420	20,936,062	–	38,319,640
Due to customers	16,944,827	2,629,003	1,918,126	15,966,926	9,758,023	28,671	47,245,576
Debt securities issued	–	–	–	4,318,318	29,431,595	1,702,807	35,452,720
Reserves for insurance claims	27,102	–	–	172,740	–	–	199,842
Tax liabilities	276,812	–	–	–	–	–	276,812
Other liabilities	667	626,239	219,019	326,951	173,950	–	1,346,826
	17,327,522	4,052,955	6,561,550	32,874,550	60,347,609	1,731,478	122,895,664
Net interest sensitivity gap	1,271,906	6,471,680	849,923	(2,979,162)	(6,761,422)	19,736,405	18,589,330
Cumulative interest sensitivity gap	1,271,906	7,743,586	8,593,509	5,614,347	(1,147,075)	18,589,330	

(Thousands of Kazakhstani Tenge)

22. Risk Management Policies (continued)

Interest Rate Risk (continued)

	December 31, 2005						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	17,020,890	5,836,352	22,000	181,000	–	–	23,060,242
Obligatory reserves	–	–	–	–	1,344,789	–	1,344,789
Financial assets at fair value through profit or loss	–	–	8	167,542	3,433,781	6,320,426	9,921,757
Amounts due from credit institutions	437,768	1,122,678	1,897,541	95,393	200,000	135,370	3,888,750
Available-for-sale securities	–	–	–	1,145,651	2,556,732	1,574,038	5,276,421
Loans to customers	–	7,150,049	5,368,539	18,799,247	34,673,097	10,332,405	76,323,337
Investments in associates	–	–	–	–	–	131,478	131,478
Reserves for insurance claims, reinsurance share	–	–	25,538	–	–	–	25,538
Other assets	–	623,032	275,618	215,224	23,821	12,199	1,149,894
	17,458,658	14,732,111	7,589,244	20,604,057	42,232,220	18,505,916	121,122,206
Liabilities:							
Due to the Government	–	–	–	6,239	74,880	–	81,119
Due to credit institutions	166,039	46,689	176,938	17,246,630	5,521,900	–	23,158,196
Due to customers	12,404,374	11,121,631	6,509,620	8,369,831	8,049,244	37,611	46,492,311
Debt securities issued	–	–	–	4,280,741	28,273,057	3,600,548	36,154,346
Reserves for insurance claims	39,713	–	–	156,556	–	–	196,269
Tax liabilities	223,569	–	–	–	–	–	223,569
Other liabilities	–	526,482	58,971	243,898	223,811	–	1,053,162
	12,833,695	11,694,802	6,745,529	30,303,895	42,142,892	3,638,159	107,358,972
Net interest sensitivity gap	4,624,963	3,037,309	843,715	(9,699,838)	89,328	14,867,757	13,763,234
Cumulative interest sensitivity gap	4,624,963	7,662,272	8,505,987	(1,193,851)	(1,104,523)	13,763,234	

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 3,204,036 thousand and KZT 2,924,590 thousand as of June 30, 2006 and December 31, 2005, respectively.

As of June 30, 2006 and December 31, 2005 the effective average interest rates for interest earning/ bearing monetary financial instruments were as follows:

	June 30, 2006 (unaudited)	*December 31, 2005*
Financial assets at fair value through profit or loss	**5.0%**	4.7%
Amounts due from credit institutions	**5.5%**	5.1%
Available-for-sale securities	**6.0%**	5.7%
Loans to customers	**12.4%**	13.2%
Amounts due to credit institutions	**8.0%**	6.7%
Amounts due to customers	**3.4%**	4.6%
Debt securities issued	**10.3%**	9.7%

Additionally, as disclosed in the maturity analysis below, the maturity dates applicable to the majority of the Bank's assets and liabilities are relatively short-term. The Bank monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

(Thousands of Kazakhstani Tenge)

22. Risk Management Policies (continued)

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 order to manage liquidity risk, the Bank performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of the asset/liability management process. The Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following tables provide an analysis of assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date.

	June 30, 2006 (unaudited)						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	18,456,525	1,000,417	58,349	–	–	–	19,515,291
Obligatory reserves	–	–	–	–	1,104,163	–	1,104,163
Financial assets at fair value through profit or loss	12,424,058	–	–	–	–	–	12,424,058
Amounts due from credit institutions	142,903	704,283	57,041	471,534	161,982	–	1,537,743
Available-for-sale securities	7,833,577	–	–	–	–	–	7,833,577
Loans to customers	–	8,131,874	5,994,075	26,862,924	46,097,300	10,542,324	97,628,497
Reserves for insurance claims, reinsurance share	–	–	–	16,275	–	–	16,275
Other assets	–	688,061	321,951	374,608	28,137	12,633	1,425,390
	38,857,063	10,524,635	6,431,416	27,725,341	47,391,582	10,554,957	141,484,994
Liabilities:							
Due to the Government	–	74	–	6,195	47,979	–	54,248
Due to credit institutions	78,114	797,639	4,424,405	12,083,420	20,936,062	–	38,319,640
Due to customers	16,944,827	2,629,003	1,918,126	15,966,926	9,758,023	28,671	47,245,576
Debt securities issued	–	–	–	4,318,318	29,431,595	1,702,807	35,452,720
Reserves for insurance claims	27,102	–	–	172,740	–	–	199,842
Tax liabilities	276,812	–	–	–	–	–	276,812
Other liabilities	667	626,239	219,019	326,951	173,950	–	1,346,826
	17,327,522	4,052,955	6,561,550	32,874,550	60,347,609	1,731,478	122,895,664
Net balance sheet position	21,529,541	6,471,680	(130,134)	(5,149,209)	(12,956,027)	8,823,479	18,589,330
Accumulated gap	21,529,541	28,001,221	27,871,087	22,721,878	9,765,851	18,589,330	

The entire portfolio of securities is classified within demand as the portfolio is highly liquid and the Bank believes this is the proper presentation of its liquidity position. The Bank believes that in spite of a substantial portion of deposits from individuals being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these deposits provide a long-term and stable source of funding for the Bank.

(Thousands of Kazakhstani Tenge)

22. Risk Management Policies (continued)

Liquidity Risk (continued)

	December 31, 2005						
	On demand	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
Assets:							
Cash and cash equivalents	17,020,890	5,836,352	22,000	181,000	–	–	23,060,242
Obligatory reserves	–	–	–	–	1,344,789	–	1,344,789
Financial assets at fair value through profit or loss	9,921,757	–	–	–	–	–	9,921,757
Amounts due from credit institutions	437,768	1,122,678	1,897,541	95,393	200,000	135,370	3,888,750
Available-for-sale securities	5,276,421	–	–	–	–	–	5,276,421
Loans to customers	–	7,150,049	5,368,539	18,799,247	34,673,097	10,332,405	76,323,337
Investments in associates	–	–	–	–	–	131,478	131,478
Reserves for insurance claims, reinsurance share	–	–	25,538	–	–	–	25,538
Other assets	–	623,032	275,618	215,224	23,821	12,199	1,149,894
	32,656,836	14,732,111	7,589,236	19,290,864	36,241,707	10,611,452	121,122,206
Liabilities:							
Due to the Government	–	–	–	6,239	74,880	–	81,119
Due to credit institutions	166,039	46,689	176,938	17,246,630	5,521,900	–	23,158,196
Due to customers	12,404,374	11,121,631	6,509,620	8,369,831	8,049,244	37,611	46,492,311
Debt securities issued	–	–	–	317,340	32,236,458	3,600,548	36,154,346
Reserves for insurance claims	39,713	–	–	156,556	–	–	196,269
Tax liabilities	223,569	–	–	–	–	–	223,569
Other liabilities	–	526,482	58,971	243,898	223,811	–	1,053,162
	12,833,695	11,694,802	6,745,529	26,340,494	46,106,293	3,638,159	107,358,972
Net balance sheet position	19,823,141	3,037,309	843,707	(7,049,630)	(9,864,586)	6,973,293	13,763,234
Accumulated gap	19,823,141	22,860,450	23,704,157	16,654,527	6,789,941	13,763,234	

The above tables do not include the effect of allowances for impairment of loans and other assets totalling KZT 3,204,036 thousand and KZT 2,924,590 thousand as of June 30, 2006 and December 31, 2005, respectively.

The Bank's capability to discharge its liabilities relies on its ability to realise an equivalent amount of assets within the same period of time.

Long-term credits and overdraft facilities are generally not available in Kazakhstan except for programs set up by international credit institutions. However, in the Kazakhstani marketplace, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented above. In addition, the maturity gap analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than one month in the tables above. While financial assets at fair value through profit or loss and available-for-sale securities are shown at demand, realizing such assets upon demand is dependent upon financial market conditions. Significant security positions may not be liquidated in a short period of time without adverse price effects.

(Thousands of Kazakhstani Tenge)

23. Related Party Transactions

	6 months, ended June 30, 2006 (unaudited)			*6 months, ended December 31, 2005 (unaudited)*			*6 months, ended June 30, 2005 (unaudited)*		
	Shareholders	***Associates***	***Key management personnel***	***Shareholders***	***Associates***	***Key management personnel***	***Shareholders***	***Associates***	***Key management personnel***
Loans outstanding, gross, beginning of the period	**80,000**	**–**	**16,993**	140,000	–	16,795	165,167	–	–
Loans issued during 6 months	**4,303,074**	**–**	**45,581**	515,871	–	1,846	1,550,733	–	23,315
Loan repayments during 6 months	**(4,363,074)**	**–**	**(26,371)**	(575,871)	–	(1,648)	(1,575,900)	–	(6,520)
Loans outstanding, gross, ending of the period	**20,000**	**–**	**36,203**	80,000	–	16,993	140,000	–	16,795
Less: allowance for impairment	**–**	**–**	**(1,566)**	–	–	(19)	–	–	(527)
Loans outstanding, net, ending	**20,000**	**–**	**34,637**	80,000	–	16,974	140,000	–	16,268
Interest income on loans	**46,953**	**–**	**730**	6,090	–	974	22,500	–	925
(Impairment)/reversal of impairment of loans	**–**	**–**	**(1,547)**	–	–	508	–	–	(527)
Deposits, beginning of the period	**21,700**	**14,400**	**18,240**	234,500	29,700	17,693	13,000,000	28,600	3,900
Deposits received during 6 months	**1,991,543**	**111,600**	**89,686**	1,827,500	33,425	2,477	142,825,451	64,700	24,056
Deposits repaid during 6 months	**(1,898,968)**	**(126,000)**	**(91,605)**	(2,040,300)	(48,725)	(1,930)	(155,590,951)	(63,600)	(10,263)
Deposits, ending of the period	**114,275**	**–**	**16,321**	21,700	14,400	18,240	234,500	29,700	17,693
Interest expense on deposits	**(4,315)**	**(1,727)**	**(665)**	(3,839)	(1,555)	(676)	(62,573)	(1,382)	(682)
Fee and commission income	**49,348**	**–**	**80**	50,213	245	12	71,478	390	4
Other operating expenses	**(2,487)**	**–**	**–**	(2,076)	–	–	(58)	–	–

The aggregate remuneration and other benefits paid to 27 members of the Management Board and Board of Directors of the Bank for the six-month period ended June 30, 2006 was KZT 74,207 thousand (June 30, 2005: 25 members and KZT 71,715 thousand, respectively).

(Thousands of Kazakhstani Tenge)

23. Related Party Transactions (continued)

The interest rates and maturities of transactions with related parties are as follow:

	6 months, ended June 30, 2006 (unaudited)			*6 months, ended December 31, 2005 (unaudited)*			*6 months, ended June 30, 2005 (unaudited)*		
	Shareholders	*Associates*	*Key management personnel*	*Shareholders*	*Associates*	*Key management personnel*	*Shareholders*	*Associates*	*Key management personnel*
Loans:									
Maturity	**2006**	–	**2006-2021**	2006	–	2006-2019	2005-2006	–	2005-2019
Interest rate in KZT	**11.0%-11.3%**	–	**7.5%-12.0%**	11.0%-11.3%	–	–	11.0%-11.3%	–	–
Interest rate in USD	**11.3%**	–	**12.0%-18.0%**	11.3%	–	10.0%-18.0%	–	–	10.0%-14.0%
Deposits:									
Maturity	**2006-2007**	–	**2007-2011**	2006	2006	2007-2019	2006	2006	2005-2019
Interest rate in KZT	**7.0%-9.5%**	–	**9.0%-10.5%**	7.5%	8.0%-9.5%	10.0%-11.0%	7.5%	7.5%-9.5%	5.0%-10.0%
Interest rate in Euro	–	–	**4.5%**	–	–	4.5%	–	–	–
Interest rate in USD	–	–	**7.0%-8.0%**	–	–	5.0%-8.5%	–	–	1.0%-8.5%

MAZARS

KH/AH5794

To the shareholder of NurFinance B.V.
seated in Rotterdam, the Netherlands

AUDITORS' REPORT

INTRODUCTION

In accordance with your instructions, we have audited the balance sheet of NurFinance B.V., Rotterdam, the Netherlands, as at 31 July 2006 ('the opening balance sheet'). This balance sheet and notes thereto are the responsibility of the company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

SCOPE

We conducted our audit in accordance with the accounting standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the balance sheet. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the balance sheet gives a true and fair view of the financial position of the company as at 31 July 2006 in accordance with accounting principles generally accepted in the Netherlands.

Rotterdam, 25 September 2006

MAZARS PAARDEKOOPER HOFFMAN N.V.

G.A.P.M. Kannekens RA

drs. C.A. Harteveld RA

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NurFinance B.V.

BALANCE SHEET

(before appropriation of the results and expressed in USD)

	31 July 2006
CURRENT ASSETS	
Cash at banks	22,646
NET CURRENT ASSETS/(LIABILITIES)	22,646
CAPITAL AND RESERVES	
Share capital	22,646
	22,646

Rotterdam, September 25, 2006
The board of directors

A.E. Kurmangaliyev

Equity Trust N.V.

MAZARS
ACCOUNTANTS EN BELASTINGADVISEURS
MAZARS PAARDEKOOPER HOFFMAN NV
Gewaarmerkt voor identificatiedoeleinden

Notes to the balance sheet as at 31 July 2006

NurFinance B.V. is incorporated on 31 July 2006 and is a limited liability company according to Dutch law. The statutory seat of the company is Rotterdam, The Netherlands.

Summary of principal accounting policies

(a) General
The accompanying balance sheet has been prepared in accordance with EU Directives as implemented in Part 9, Book 2 of the Dutch Civil Code.

(b) Foreign currencies
All assets and liabilities expressed in currencies other than USD have been translated at the rates of exchange prevailing at the balance sheet date. All transactions in foreign currencies have been translated into USD at rates of exchange approximating to those ruling at the date of the transactions. Resulting exchange differences, if any, are recognised in the profit and loss account, except for translation results on issued share capital, the latter are booked directly to reserves

(c) Other assets and liabilities
Unless otherwise indicated assets and liabilities are stated at face value.

(d) Revenue recognition
Expenses and income are accounted for under the accrual basis.

(e) Corporation tax
Taxation is incurred and provided for in accordance with generally accepted ruling practice

MAZARS
ACCOUNTANTS EN BELASTINGADVISEURS
MAZARS PAARDEKOOPER HOFFMAN NV
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