IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE PROSPECTUS CONSTITUTES A FINANCIAL PROMOTION WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE PROSPECTUS MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("U.S. SECURITIES ACT") OR WITHIN THE UNITED STATES TO QIBs (AS DEFINED BELOW) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THE PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the securities referred to in the Prospectus, you must be (i) a person that is outside the United States or (ii) a QIB that is acquiring the securities for its own account or for the account of another QIB. By accepting the e-mail and accessing the Prospectus, you shall be deemed to have represented to us that you are outside the United States or that you are a QIB and that you consent to delivery of the Prospectus by electronic transmission. You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession it may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person. The Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offer of the securities be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, such offer shall be deemed to be made by the underwriters or such affiliate on behalf of the Bank in such jurisdiction. Under no circumstances shall the Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the Prospectus who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in it. The information contained in the Prospectus is directed solely at persons (i) outside the United Kingdom or (ii) within the United Kingdom having professional experience in matters relating to investments or to persons of a kind described in Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). Persons who are not relevant persons must not rely on or act upon the information contained in the Prospectus.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the underwriters, as named in the Prospectus, nor any person who controls an underwriter nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from ING Bank N.V., London Branch or J.P. Morgan Securities Ltd.

The Prospectus may not be passed on in the United Kingdom except to investment professionals or other persons in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Bank or the Selling Shareholders. The Prospectus is not an offer to sell the Notes and is not soliciting an offer to buy the Notes in any jurisdiction where such offer is not permitted.

CenterCredit International B.V.

(a limited liability company incorporated in The Netherlands)

US$500,000,000 8.625 per cent. Notes due 2014
unconditionally and irrevocably guaranteed by

JSC Bank CenterCredit

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

Issue price: 98.844 per cent.

The US$500,000,000 8.625 per cent. Notes due 2014 (the "Notes") are issued by CenterCredit International B.V. (the "Issuer") and are guaranteed by JSC Bank CenterCredit (the "Bank" or the "Guarantor"). Interest on the Notes will accrue from 30 January 2007 and will be payable semi-annually in arrear on 30 January and 30 July of each year, commencing on 30 July 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 on or about 30 January 2007 (the "Trust Deed") between the Issuer, the Guarantor and Deutsche Trustee Company Limited, 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 Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the "FSMA") (in such capacity, the "UK Listing Authority") for the Notes to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for the Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. Reference in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. The London Stock Exchange's Gilt Edged and Fixed Interest Market is a regulated market for the purpose of Directive 93/22/EEC (the "Investment Services Directive").

Investing in the Notes involves risks. See "*Risk Factors*" starting on page 15 for a discussion of certain factors that should bee 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. 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 8(b) (*Redemption for tax reasons*) of the Terms and Conditions of the Notes.

Notes which are offered and sold in reliance on Regulation S will initially be represented by beneficial interests in a global unrestricted Note (the "Regulation S Global Note") in registered form, without interest coupons attached, which will be registered in the name of BT Globenet Nominees Limited as nominee for, and shall be deposited on or about the Closing Date with Deutsche Bank AG, London Branch as common depositary for, and in respect of interests held through, Euroclear Bank S.A./N.A., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Notes which are offered and sold in reliance on Rule 144A will initially be represented by beneficial interests in a restricted global Note (the "Rule 144A Global Note" and, together with the Regulation S Global Note, the "Global Notes") in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with Deutsche Bank Trust Company Americas as custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("DTC"). The Global Notes 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 US$100,000 and integral multiples of US$1,000 in excess thereof. See "*Terms and Conditions of the Notes – Form, Denomination and Title*". Interests in the Rule 144A Global Note will be subject to certain restrictions on transfer. See "*Form of Notes*" and "*Transfer Restrictions*". Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

The Notes and the Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes are being offered outside the United States by the 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, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Lead Managers

ING Wholesale Banking **JPMorgan**

The date of this Prospectus is 24 January 2007

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This document together with the attached unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2006 and 2005 and the audited consolidated financial statements for the years ended 31 December 2005, 2004 and 2003 constitute a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC.

None of the Lead Managers, the Trustee or any of their respective directors, affiliates, advisers or agents, has made an independent verification of the information contained herein in connection with the issue or offering of the Notes or guarantees the accuracy or completeness of such information, and such information is not to be construed as a representation or warranty by the Lead Managers, the Trustee or any of their respective directors, affiliates, advisers or agents. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and its subsidiaries (together, the "Group") and the terms of the offering, including the merits and the risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own legal adviser, business adviser or tax adviser for legal, business or tax advice.

No person is authorised to give any information or make any representation not contained in this Prospectus in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Bank, the Lead Managers or the Trustee or any of their respective directors, affiliates, advisers or agents. No representation or warranty, expressed or implied, is made by the Lead Managers or the Trustee or any of their respective directors, affiliates, advisers or agents and nothing contained in this Prospectus is or shall be relied upon as a promise, warranty or representation, whether to the past or the future. The delivery of this Prospectus does not imply that there has been no change in the business and affairs of the Issuer, the Bank or the Group since the date hereof or that the information herein is correct as of any time subsequent to its date.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this Prospectus and the offer or sale of the Notes in certain jurisdictions is restricted by law. This Prospectus has been prepared by the Issuer and the Bank solely for use in connection with the proposed offering of the Notes and for the listing of the Notes on the London Stock Exchange's Gilt Edged and Fixed Interest Market and may be used only for the purposes for which it is published. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful. Persons into whose possession this Prospectus may come are required by the Issuer, the Bank, the Lead Managers and the Trustee to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Prospectus is set out under "*Subscription and Sale*".

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 "*Management's Discussion and Analysis of Results of Operations 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") and Kazakhstan's National Statistical Agency (the "NSA"). 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 reproduced information inaccurate or misleading.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

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

U.S. INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

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

STABILISATION

In connection with the issue of the Notes, ING Bank N.V., London Branch (or persons acting on their behalf) 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. However, there is no assurance that ING Bank N.V., London Branch (or persons acting on their behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final 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.

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ENFORCEMENT OF FOREIGN JUDGMENTS

The Bank is a joint stock company organised under the laws of Kazakhstan and all 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 most 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 on the Trust Deed in the courts of England.

The Notes and the Trust Deed are governed by the laws of England and the Issuer and the Bank have agreed in the Notes and the Trust Deed 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, to arbitration in London, England. Kazakhstan's courts will not enforce any judgment obtained in a court established in a country other than Kazakhstan unless there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Kazakhstan and the United Kingdom. However, each of Kazakhstan and the United Kingdom are parties to the 1958 New York Convention on the Recognition and Enforcement of Arbitral Awards (the "Convention") and, accordingly, an arbitral award under the Convention should generally be recognised and enforceable in Kazakhstan provided the conditions to enforcement set out in the Convention are met.

AVAILABLE INFORMATION

Neither the Issuer nor the Guarantor is currently required to file periodic reports under Sections 13 or 15 of the United States Securities Exchange Act of 1934, as amended, with the US Securities and Exchange Commission. To permit compliance with Rule 144A in connection with resales and transfers of Notes, the Issuer and the Guarantor have agreed that, for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer and the Guarantor will provide to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of such restricted securities designated by a holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act, if at the time of such request the Issuer or the Guarantor, as the case may be, is not a reporting company under Section 13 or Section 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. See "*Terms and Conditions of the Notes – Provision of Information*".

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, liquidity prospects, growth, strategies 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 certain 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 AND OTHER INFORMATION

The Bank maintains its books of account in Tenge in accordance with the relevant laws in Kazakhstan and with the regulations of the NBK and FMSA. Its consolidated financial statements as at and for the years ended 31 December 2005, 2004 and 2003 have been prepared in accordance with International Financial Reporting Standards ("IFRS") (formerly referred to as the International Accounting Standards ("IAS")), and have been audited by Deloitte, LLP located at 240-v Furmanov Street, Almaty, Kazakhstan. Neither it nor any of its employees have any material interest in the Bank or the Issuer. The condensed consolidated interim financial statements as at and for the nine months ended 30 September 2006 are unaudited and were prepared in accordance with IFRS.

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:

- "Bank" or the "Guarantor" refer to JSC Bank CenterCredit, 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;
- "€" or "euro" refers 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 the Republic of Kazakhstan on the Regulation and Supervision of Financial Markets and Financial Organisations;
- "FMSA Regulations" refers to the regulations issued by the FMSA;
- "IFC" refers to the International Finance Corporation;
- "Issuer" refers to CenterCredit International B.V.;
- "Kazakhstan" or the "Republic" are to the Republic of Kazakhstan;
- "NBK" refers to the National Bank of Kazakhstan;
- "NBK Regulations" refers to the regulations published by the NBK;
- "Netherlands" refers to the kingdom of The Netherlands excluding The Netherlands Antilles and Aruba;
- "NSA" refers to Kazakhstan's National Statistical Agency;
- "OECD" refers to the Organisation for Economic Co-operation and Development;
- "Tenge" or "KZT" refers to Kazakhstan Tenge, the official currency for the time being of Kazakhstan;

- "United Kingdom" or the "UK" refers to the United Kingdom of Great Britain and Northern Ireland;
- "United States" or the "US" refers to the United States of America; and
- "US$", "US dollars" and "USD" refer to the lawful currency for the time being of the United States.

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

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

Solely for the convenience of the reader, the Bank has in "*Summary Financial Information*" and "*Selected Financial and Other Information*" translated certain Tenge amounts into US dollars at specified rates. The Bank has translated the summary income statement information for the year ended 31 December 2005 and for the nine months ended 30 September 2006 into US dollars at the rates of US$1.00 = KZT133.98 and US$1.00 = KZT127.22 respectively, and the summary balance sheet information as at 31 December 2005 and 30 September 2006 at the rates of US$1.00 = KZT133.98 and US$1.00 = KZT127.22, respectively. See "*Exchange Rates and Exchange Controls*".

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

OVERVIEW OF THE ISSUER AND THE BANK

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

The Issuer

The Issuer is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid or B.V.*) incorporated on 4 January 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

The Bank is a joint stock company registered under the laws of Kazakhstan and was originally registered in the former Soviet Union on 20 September 1988 as Almaty Oblast Central Cooperative Bank CenterBank.

In 1991, the Bank was re-registered as Kazakhstan Central Joint Stock Bank CenterBank and in August 1998 merged with CJSC Zhilstroibank. In 2004, the Bank was re-registered as joint stock company Bank CenterCredit.

The Bank's Business

The Bank is the sixth largest commercial bank in Kazakhstan in terms of assets, which as at 30 September 2006 equalled KZT514,530.5 million, and fourth largest in terms of deposit accounts held by non-bank customers ("customer accounts"), which as at the same date equalled KZT202,705.6 million. The Bank's primary business consists of corporate and retail banking. Its corporate banking activities include providing a broad range of wholesale banking products to a diversified group of domestic customers, primarily small- and medium-sized companies. The Bank's retail banking activities and products include retail lending, deposit taking and issuing credit and debit cards. The Bank is also an active participant in the fixed income securities market and foreign currency markets in Kazakhstan.

As at 30 September 2006, the Bank had 19 full service branches and 120 limited service branches in addition to its head office in Almaty.

The Bank's Business Strategy

The Bank's strategy is to increase its market share and total assets by strengthening its position in all segments of the market, with a particular focus on small- and medium-sized enterprises and retail customers. In order to implement its strategy, the Bank intends to focus on the following: expand its banking and capital market activities, strengthen its funding base and capital base, enhance its risk management infrastructure and policies, enhance operating efficiency, establish strategic partnerships with international financial institutions and increase its geographic presence.

The Bank's Credit Ratings

Currently, the Bank is rated by two rating agencies: Fitch Ratings Ltd ("Fitch") and Moody's Investors Service Inc. ("Moody's"). The current ratings of the Bank are as follows:

Fitch		Moody's	
Individual	D	Strength	D-
Long term	BB-	Long term	Ba1
Short term	B	Short term	NP
Outlook	Stable	Outlook	Stable

The Notes are expected to be assigned a rating of Ba1 by Moody's and BB- by Fitch.

A security credit rating is not a recommendation to buy, sell or hold the securities, and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Bank's registered address is 100, Shevchenko Street, Almaty, 050022, Kazakhstan.

SUMMARY FINANCIAL INFORMATION

The following summary historical financial information has been derived from the Bank's consolidated financial statements as at 31 December 2005, 2004 and 2003 and for the three years ended 31 December 2005, included elsewhere in this Prospectus, which were audited by Deloitte, LLP, the Kazakhstan national practice of Deloitte Touche Tohmatsu ("DTT"). DTT is a Swiss Verein and each of its national practices is a separate and independent legal entity. Investors should not rely on interim results as being indicative of results the Bank may expect for the full year. The summary information as at 30 September 2006 and for the nine months ended 30 September 2006 and 2005 is extracted from the unaudited condensed consolidated interim financial statements prepared by the Bank and are included elsewhere in this Prospectus. They have been prepared using the same accounting principles and or the same basis as the year-end consolidated financial statements and, in the opinion of the Bank's management, include all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of interim results. Investors should not rely on interim results as being indicative of results the Bank may expect for the full year. The Bank's summary historical consolidated financial statements have been prepared in accordance with IFRS and are presented in Tenge. The ratios in the Bank's summary selected financial ratios are calculated on the basis of Tenge balances.

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in "*Capitalisation of the Bank*," "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" and the Bank's consolidated interim financial statements and consolidated financial statements and the related notes thereto appearing elsewhere in this Prospectus.

Summary Consolidated Income Statement Data

	For the nine month period ended 30 September			For the year ended 31 December			
	2006	**2006**	**2005**	**2005**	**2005**	**2004**	**2003**
	(*US$ thousands*) (*unaudited*)	(*KZT thousands*) (*unaudited*)		(*US$ thousands*) (*unaudited*)	(*KZT thousands*)		
Income Statement:							
Interest income	263,323	33,500,000	17,216,823	192,823	25,834,410	12,396,971	6,962,144
Interest expense ...	(163,021)	(20,739,522)	(9,491,624)	(104,002)	(13,934,160)	(6,355,305)	(3,333,540)
Net interest income before provision for impairment losses on interest bearing assets ...	100,302	12,760,478	7,725,199	88,821	11,900,250	6,041,666	3,628,604
Provision for impairment losses on interest bearing assets ...	(39,825)	(5,066,561)	(3,726,321)	(40,276)	(5,396,226)	(2,418,052)	(1,434,198)
Net interest income	60,477	7,693,917	3,998,878	48,545	6,504,024	3,623,614	2,194,406
Net non-interest income	55,068	7,005,691	4,691,835	45,884	6,147,574	4,178,886	2,724,001
Operating income	115,545	14,699,608	8,690,713	94,429	12,651,598	7,802,500	4,918,407
Operating expenses...........	(58,526)	(7,445,656)	(4,874,020)	(54,136)	(7,253,103)	(4,963,739)	(3,540,043)
Operating Profit ...	57,019	7,253,952	3,816,693	40,293	5,398,495	2,838,761	1,378,364
Provision for impairment losses on other transactions	(5,696)	(724,692)	(80,728)	(392)	(52,571)	(118,662)	(5,143)
Share of results of associates	–	–	–	–	–	4,100	871
Profit before income tax	51,323	6,529,260	3,735,965	39,901	5,345,924	2,724,199	1,374,092
Income tax expense	(7,212)	(917,457)	(208,380)	(4,348)	(582,537)	(284,585)	(121,076)
Net profit	44,111	5,611,803	3,527,585	35,553	4,763,387	2,439,614	1,253,016

Summary Consolidated Balance Sheet Data

	As at 30 September			As at 31 December			
	2006	2006	2005	2005	2005	2004	2003
	(*US$ thousands*) (*unaudited*)	(*KZT thousands*) (*unaudited*)		(*US$ thousands*) (*unaudited*)		(*KZT thousands*)	
Balance Sheet							
Assets:							
Cash and balances with the National Bank of the Republic of Kazakhstan	342,363	43,555,373	10,793,579	123,907	16,601,006	8,738,081	5,647,741
Loans and advances to banks	407,392	51,828,477	13,095,043	332,801	44,588,666	17,588,421	9,562,235
Financial assets at fair value through profit or loss	107,851	13,720,849	5,561,841	254,402	34,084,775	2,911,382	1,412,897
Loans to customers, less allowance for impairment losses	2,627,879	334,318,717	182,477,837	1,551,055	207,810,358	91,312,441	52,068,761
Investments available-for-sale	175,028	22,267,089	36,624,058	132,257	17,719,809	21,478,739	8,999,865
Investments held-to-maturity	287,468	36,571,698	92,348	466	62,460	54,973	-
Fixed and intangible assets, less accumulated depreciation and amortization	60,360	7,678,954	5,200,508	45,570	6,105,415	3,887,790	2,688,497
Income tax assets	3,072	390,850	123,615	1,805	241,837	119,675	29,061
Other assets, less allowance for impairment losses	33,002	4,198,504	3,966,018	22,516	3,016,702	2,115,168	1,423,846
Total assets	4,044,415	514,530,511	257,934,847	2,464,779	330,231,028	148,206,670	81,832,903
Liabilities and Equity:							
Liabilities:							
Loans and advances from banks	1,125,078	143,132,433	61,830,260	863,174	115,647,982	34,841,460	21,980,979
Customer accounts	1,593,347	202,705,624	127,909,761	1,047,927	140,401,275	91,690,719	47,928,734
Debt securities issued	791,755	100,727,005	33,052,953	250,710	33,590,145	1,510,157	-
Deferred income tax liabilities	-	-	-	-	-	-	62,403
Other liabilities	15,631	1,988,566	2,424,140	5,985	801,926	413,619	213,166
Subordinated debt	241,996	30,786,787	11,327,981	101,345	13,578,243	7,475,295	4,160,537
Total liabilities	3,767,807	479,340,415	236,545,095	2,269,141	304,019,571	135,931,250	74,345,819
Equity:							
Share capital	157,543	20,042,646	12,877,492	122,405	16,399,781	7,466,920	5,168,010
Investments available-for-sale fair value reserve	2,812	357,743	602,427	4,745	635,707	426,252	378,355
Fixed assets revaluation reserve	38	4,771	274,561	44	5,889	275,527	277,182
Retained earnings	115,054	14,637,209	7,574,739	67,680	9,067,728	4,042,724	1,617,045
Minority Interest	1,161	147,727	60,533	764	102,352	63,997	46,492
Total equity	276,608	35,190,096	21,389,752	195,638	26,211,457	12,275,420	7,487,084
Total liabilities and equity	4,044,415	514,530,511	257,934,847	2,464,779	330,231,028	148,206,670	81,832,903

Summary Selected Financial Ratios

	As at or for the nine month period ended 30 September		As at or for the year ended 31 December		
	2006	**2005**	**2005**	**2004**	**2003**
			(*per cent.*)		
Key Ratios:					
Operating expenses/operating income before provisions for impairment losses	37.7	39.3	40.2	48.6	55.7
Operating expenses/operating income after provisions for impairment losses	50.7	56.1	57.3	63.6	72.0
Effective provisioning rate on loans to customers	4.0	4.0	4.2	4.3	4.2
Profitability Ratios:					
Net interest margin(1)(2)	4.5	5.6	5.4	5.9	6.4
Operating expenses as a percentage of net interest income before provisions for impairment losses	58.4	63.1	60.9	82.2	97.6
Operating expense as a percentage of average total assets(1) (3)	2.4	3.2	3.0	4.3	5.3
Net profit as a percentage of average total assets(1)(3)	1.8	2.3	2.0	2.1	1.9
Balance Sheet Ratios:					
Customer accounts as a percentage of total assets	39.4	49.6	42.5	61.9	58.6
Total net loans to customers as a percentage of total assets	65.0	70.8	62.9	61.6	63.6
Total equity as a percentage of total assets	6.8	8.3	7.9	8.3	9.2
Liquid assets as a percentage of customer accounts(3)	70.7	47.6	79.6	54.3	52.7
Liquid assets as a percentage of liabilities of up to one month	184.3	114.0	131.7	105.8	103.4
Capital Adequacy Ratios:(4)					
Total capital	16.5	14.9	16.3	17.4	15.8
Tier I capital	9.0	9.6	10.7	10.6	9.9
Credit Quality Ratios:(5)					
Non-performing loans as a percentage of total loans	0.5	0.3	0.3	0.5	0.9
Non-performing loans as a percentage of total loans and guarantees	0.3	0.2	0.3	0.5	0.8
Provisions for impairment losses as a percentage of non-performing loans	855.0	1,511.2	1,364.6	787.3	466.9

(1) Annualised.
(2) Net interest margin is net interest income before provisions for impairment losses as a percentage of average interest-bearing assets.
(3) Averages are based on the opening and closing balances for the period.
(3) Liquid assets include cash and balances with the NBK, loans and advances to banks (with maturity of less than one month), assets financial assets at fair value through profit or loss and investment securities.
(4) Calculated in accordance with the Basel Accord, as currently in effect.
(5) For the definition of non-performing loans used by the Bank, see "*Description of the Bank—Lending Policies and Procedures—Provisioning Policy*".

OVERVIEW OF THE OFFERING

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

Issuer:	CenterCredit International B.V.
Guarantor:	JSC Bank CenterCredit
Issue:	US$500,000,000 principal amount of 8.625 per cent. Notes due 2014
Lead Managers:	ING Bank N.V., London Branch and J.P. Morgan Securities Ltd.
Issue Price:	98.844 per cent. of the principal amount of the Notes
Denominations:	US$100,000 and integral multiples of US$1,000 in excess thereof
Issue Date:	30 January 2007
Maturity Date:	30 January 2014
Trustee:	Deutsche Trustee Company Limited
Principal Paying Agent:	Deutsche Bank AG, London Branch
Paying Agent:	Deutsche Bank Trust Company Americas
Transfer Agents:	Deutsche Bank AG, London Branch and Deutsche Bank Trust Company Americas
Registrars:	Deutsche Bank Luxembourg S.A. and Deutsche Bank Trust Company Americas
Interest and Interest Payment Dates:	The Notes will bear interest at a rate of 8.625 per cent. per annum. Interest on the Notes will accrue from 30 January 2007 and will be payable semi-annually in arrear on 30 January and 30 July of each year, commencing on 30 July 2007.
Guarantee:	The Bank will, on or prior to the Issue Date, enter into the Trust Deed under which the Bank will guarantee, on an unconditional and irrevocable basis, due payment of all sums from time to time payable by the Issuer under the Notes or the Trust Deed.
Status:	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge and Certain Covenants*)) unsecured obligations of the Issuer which rank and will rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsubordinated and unsecured obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law. See "*Terms and Conditions of the Notes—Guarantee and Status*". The obligations of the Bank under its Guarantee in respect of the Notes constitute direct, general, unconditional and (subject to Condition 5 (*Negative Pledge and Certain Covenants*)) unsecured obligations of the Bank which rank and will rank at least *pari passu* in right of payment with all other present and future unsecured obligations of the Bank as may be preferred by mandatory provisions of applicable law of general application. See "*Terms and Conditions of the*

Notes—Guarantee and Status."

Form: Notes which are offered and sold in reliance on Regulation S (the "Regulation S Notes") will initially be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be registered in the name of BT Globenet Nominees Limited as nominee for, and shall be deposited on or about the Closing Date with Deutsche Bank AG, London Branch as common depositary for, and in respect of interests held through Euroclear and Clearstream, Luxembourg. Notes which are offered and sold in reliance on Rule 144A (the "Rule 144A Notes") will initially be represented by beneficial interests in the Rule 144A Global Note in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with Deutsche Bank Trust Company Americas, as custodian for, and registered in the name of Cede & Co. as nominee for, DTC. See "*Terms and Conditions of the Notes—Form, Denomination and Title*".

Interests in the Rule 144A Global Note will be subject to certain restrictions on transfer. See "*Form of Notes and Transfer Restrictions".*

Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants.

Except as described herein, individual definitive certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

Clearing Systems: DTC (in relation to the Rule 144A Notes) and Clearstream, Luxembourg and Euroclear (in relation to the Regulation S Notes).

Initial Delivery: On or about 30 January 2007, the Rule 144A Global Note will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC and the Regulation S Global Note will be deposited with a common depositary for and registered in the name of a nominee for Euroclear and Clearstream, Luxembourg.

Tax Redemption: The Notes may be redeemed at the option of the Issuer in whole, at their principal amount, together with interest accrued to the date fixed for redemption, in the event of certain changes in taxation in the Republic of Kazakhstan. See "*Terms and Conditions of the Notes—The Netherlands or Redemption for Tax Reasons*).

Negative Pledge: Each of the Issuer and the Bank will agree that, so long as any Note remains outstanding, it shall not and, in the case of the Bank, shall not permit any of its Subsidiaries (as defined in Condition 5(g)), subject to certain exceptions, to create or permit to subsist any mortgage, charge, lien, pledge or other security interest upon the whole or any part of their respective undertakings, assets or revenues to secure any Indebtedness for Borrowed Money (as defined in Condition 5(g)) unless the Notes are secured equally and rateably with such other Indebtedness for Borrowed Money or are otherwise given the benefit of such security interest. See "*Terms and Conditions of the Notes—Negative Pledge and Certain Covenants.*"

Certain Covenants: The Notes and the Trust Deed will contain certain covenants, including, without limitation, covenants with respect to limitation on certain transactions, limitation on payment of dividends, provision of information and maintenance of capital adequacy. See "*Terms and Conditions of the Notes—Negative Pledge and Certain Covenants.*"

Events of Default: If an Event of Default occurs, the Trustee may, subject as provided in the Trust Deed, give notice to the Issuer and the Guarantor that the Notes are and shall become immediately due and repayable at their principal amount together with accrued interest. See "*Terms and Conditions of the Notes— Events of Default"*.

Use of Proceeds: The Issuer will deposit the proceeds from the issuance of the Notes with the Bank who will use such proceeds to fund loans and advances to its borrowers and for other general corporate purposes.

Listing: Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

Selling Restrictions: The offering and sale of Notes is subject to applicable selling restrictions including, without limitation, those of the United States, the United Kingdom and Kazakhstan. 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.

Trust Deed: The Trust Deed provides that the Trustee may, at any time, or, in making any determination under the Terms and Conditions of the Notes or the Trust Deed, act or not act on the opinion or advice of, or information obtained from, any lawyer, valuer, accountant, auditor, surveyor, banker, broker, auctioneer or other expert, without further enquiry or evidence. The Trustee will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from it acting or not acting on such opinion or advice or information.

Risk Factors: An investment in the Notes involves a high degree of risk. See "*Risk Factors*".

Security Codes: The security codes for the Notes are as follows:

Regulation S Notes:

ISIN XS0282585859

Common Code 028258585

Rule 144A Notes:

ISIN US151870AA06

CUSIP 151870AA0

Common Code 028258712

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 risk factors associated with investment in Kazakhstan entities generally and in 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 Guarantee. 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 material respects may differ from that prevailing in other countries.

Risk Factors Relating to the Bank

The Bank's rapid growth subjects it to additional risks

The Bank's gross loan portfolio has increased rapidly in recent years, growing to KZT348,151.5 million as at 30 September 2006, from KZT216,843.8 million as at 31 December 2005, KZT95,395.1 million as at 31 December 2004 and KZT54,356.3 million as at 31 December 2003. This significant increase in credit exposure will require continued emphasis by the Bank on credit quality and the adequacy of its provisioning levels and continued development of financial and management control. Failure successfully to manage growth and development and to maintain the quality of its assets could have a material adverse effect on the Bank's results of operations and financial condition. Classified loans, that is loans classified by the Bank as unsatisfactory, doubtful or loss in accordance with the Bank's internal classification policy, as a percentage of gross loans were 11.3 per cent. as at 31 December 2003, 10.9 per cent. at 31 December 2004 and 10.9 per cent. at 31 December 2005. As at 30 September 2006, the percentage of gross loans classified as unsatisfactory, doubtful or loss was 8.2 per cent. See "*Description of the Bank—Lending Policies and Procedures—Provisioning Policy*".

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

As at 30 September 2006, the Bank's top 20 borrowers comprised 21.3 per cent. of its gross loan portfolio, compared to 26.2 per cent. as at 30 September 2005, 27.3 per cent. as at 31 December 2005, 35.4 per cent. as at 31 December 2004 and 29.1 per cent. as at 31 December 2003. Whilst this, in part, reflects the limited number of better corporate credits in Kazakhstan, the Bank will require continued emphasis on credit quality and the development of financial and management control to monitor this credit exposure, the failure to achieve which could have a material adverse effect on the Bank's results of operations and financial condition.

The Bank's success depends upon increasing its capitalisation

Since the start of 2002, the Bank has implemented a number of projects to increase its capital base and intends to improve its capital base over the course of the next three years by raising up to KZT134 billion through the issuance of KZT44 billion in common shares and KZT90 billion in subordinated debt, starting in 2006 with an aggregate issuance of KZT13.9 billion in common shares and KZT10 billion in subordinated debt. As at 30 September 2006 the Bank has issued over KZT20 billion in common shares and KZT30.8 billion in subordinated debt. Failure to raise capital as planned could substantially limit the Bank's ability to increase the size of its loan portfolio in compliance with applicable NBK regulations. If such capital is available only at a price materially in excess of the cost of funds from other sources, this may negatively impact the Bank's profitability.

The Bank faces liquidity risks

The Bank, like other commercial banks in Kazakhstan and elsewhere, is exposed to liquidity risk due to maturity mismatches between its assets and liabilities which could lead to a lack of liquidity at certain times. Any maturity mismatches between the Bank's assets and liabilities (including by reason of the withdrawal of large deposits) may have a material adverse effect on its operations and financial condition. See "*Selected Statistical and Other Information—Liquidity and Interest Rate Risk*".

The Bank faces significant competition, in particular due to the concentration in its loan portfolio on small- and medium-sized enterprises

The Bank is subject to competition from both domestic and foreign banks. As at 31 December 2006, there were a total of 33 banks, excluding the NBK and the DBK, in Kazakhstan, of which 14 were banks with foreign ownership, including subsidiaries of foreign banks. Loans to small- and medium-sized enterprises (i.e., companies with annual sales of US$700,000 or less to US$7 million) ("SMEs") comprised 45 per cent. of the Bank's gross loan portfolio as at 30 September 2006. Return on income from lending to SMEs is higher than lending to large companies as a result of the interest rates that the Bank can charge on these loans. The Bank estimates that its share of the SME loan market was 4.9 per cent. in 2003, 8.1 per cent. in 2004, 9.8 per cent. in 2005 and 11.8 per cent. as at 30 September 2006.

Although the Bank believes that it is well positioned to compete in the retail market and is a preferred bank for SMEs within the Kazakhstan banking sector due to its nationwide branch network, its significant share of the current retail deposit market and its diversified client base, it faces competition from a number of existing participants in the Kazakhstan banking sector. In particular, as the retail banking sector continues to expand in Kazakhstan, the Bank will face increased competition for retail customers from larger Kazakhstan banks and there is similarly no assurance that the Bank will continue to be able to attract the business of SMEs. While the Bank has large corporate clients, the Bank does not focus on this market segment.

In addition, the Bank's ability to compete, particularly in retail banking, with other banks in Kazakhstan who have developed the necessary information technology to provide credit card and other services to their customers, depends on the Bank having its own central processing centre to offer such services to its clients, which is currently being developed by the Bank.

Regulation of the banking industry in Kazakhstan may adversely affect the Bank's business, and existing regulations are not as developed as in many Western countries

In September 1995, the NBK introduced strict norms and prudential requirements for the operations and the capital adequacy of banks. In addition, an institutional development plan was prepared for leading Kazakhstan banks. According to the plan, banks are required to prepare their accounts in accordance with IFRS and to apply the Basel Committee norms within a period determined by the NBK on a case-by-case basis. Banks are also required to participate in a bank-funded deposit insurance scheme (the "Deposit Insurance Fund") and be audited annually by a qualified accountancy firm. Following legislative changes in July 2003, FMSA was formed and as from 1 January 2004 assumed responsibility for most of the supervisory and regulatory functions in the financial sector that had previously been performed by the NBK. The FMSA's main task is to regulate and supervise the financial markets and financial institutions. See "*The Banking Sector in Kazakhstan*".

The Bank faces the risk of changes in certain legislative and regulatory acts that may have an adverse effect on the Bank's financial condition, results of its operations or market price and liquidity of the Notes. The Government of Kazakhstan may implement additional regulations or policies, including with respect to limitations on borrowings by Kazakhstan banks from foreign institutions or on extensions of credit to Kazakhstan borrowers or may otherwise take action that could have a material adverse effect on the Bank's financial condition or results of operations or that could adversely affect the market price and liquidity of the Notes.

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

Republic of Kazakhstan—Kazakhstan's legislative and regulatory framework is less developed than in many Western countries".

Recent changes to minimum reserve requirements and potential restrictions imposed by the FMSA on attracting short-term Indebtedness may affect the Bank's ability to attract foreign and short-term funding

In July 2006, the FMSA introduced new reserve requirements in an effort to limit borrowings, including foreign borrowings, as the result of concerns about excessive money supply in the economy predominantly from abroad. 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., although borrowings from residents except as mentioned above will remain at 6 per cent. In common with a number of other banks in Kazakhstan, a significant portion of the Bank's funding is in dollars and from capital markets. Thus the new minimum reserve requirements may have an effect on the Bank's profitability.

In addition, the FMSA has recently implemented new measures that, among other things, limit a bank's outstanding external short-term financings to an amount equal to its own capital. These rules may prevent the Bank from extending some of its short-term facilities and require it to find longer term financings or customer deposits, neither of which may be available in sufficient quantities to replace them. 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.

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

The proposed reform of the international capital adequacy framework could increase the Bank's borrowing costs

The Basel Committee has issued a proposal for a new capital adequacy framework to replace the previous 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 by 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 sovereign states, banks, securities firms and corporations. If adopted, the new framework could require financial institutions lending to Kazakhstan 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 Kazakhstan banks.

The lack of statistical, corporate and financial information in Kazakhstan may make the Bank's assessments of credit risk less accurate

Kazakhstan's system for gathering and publishing statistical information relating to its economy generally, specific economic sectors and companies within it, and information relating to companies and individuals, is not as comprehensive as those of many countries with established market economies and there is generally inadequate credit. Thus, the statistical, corporate and financial information, including audited financial statements, available to the Bank relating to its prospective corporate borrowers, SMEs or other 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 provisioning and collateralisation requirements, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Bank's assessments of credit risk. This may increase the risk of borrower default and decrease the likelihood that the Bank will 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. In addition, SMEs, a focus of the Bank's strategy, have, in many cases, not prepared audited financial statements, which may lessen the Bank's ability to perform a reliable credit assessment of them.

The NBK has established a central credit bureau in Kazakhstan to facilitate the collection of information and assessment of risk. While the relevant infrastructure for the operation of the credit bureau has been created, this bureau is still at a preliminary stage of development and there can be no assurance that this resource will improve the Bank's ability to assess credit risk.

The Bank's success depends upon 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 certain key personnel for the implementation of its strategy and operation of its day-to-day activities. As competition for skilled personnel is intense, the Bank seeks to further develop its compensation programmes and to take other measures to attract and motivate skilled personnel. If the Bank is unable to retain key personnel and cannot hire new qualified personnel in a timely manner, its business and results of operations could be adversely affected.

The Bank's success is dependent upon information technology

A substantial aspect of the Bank's strategy is to expand its customer base by providing additional products and services such as credit cards and internet banking, both of which will require a substantial capital investment by the Bank in its information technology system. While the Bank is currently in the process of developing its information technology to enable it to provide these services to its customers and believes that it will be successful in such implementation, there is no certainty that the Bank will be in a position in the near future to offer such products and systems. In addition, the Bank may be susceptible to failures in its information technology if it becomes dependent on such products and systems for its success.

Volatile Earnings

A portion of the Bank's earnings is generated from its trading activities. The Bank's portfolio of investment securities increased by 139.3 per cent. in 2004 from KZT8,999.8 million to KZT21,534 million. It further decreased by 17.4 per cent. in 2005 to KZT17,782 million and increased by 230.9 per cent. in the first nine months of 2006 to KZT58,838.8 million. Due to the fact that the Bank, through its Treasury Department, primarily trades Kazakhstan securities which are emerging market securities for its own account, it is possible that the earnings of the Bank will be volatile. For example, the Bank's earnings from its investment securities portfolio were KZT10,234 thousand for the nine months ended 30 September 2006 compared to KZT17,212 thousand for the same period in 2005. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Results of Operations for the nine months ended 30 September 2006 compared to the nine months ended 30 September 2005—Non-Interest Income*".

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, accordingly, investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

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, democratic model with a multi-party political system. The transition has been marked 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 market economy through privatisation of state enterprises and deregulation and is more advanced in this respect than most other countries of the CIS. However, as with any transition economy, there can be no assurance that such reforms and other reforms described elsewhere in this Prospectus will continue or that such reforms will achieve all or any of their intended aims.

Kazakhstan depends on neighbouring states for access to world markets for a number of its major exports, including oil, steel, copper and wheat. Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export. In January 1995, Kazakhstan, Russia, Kyrgyzstan and Belarus, joined by Tajikistan in 1999, signed a customs union which, among other things, provides for the removal of trade tariffs between these nations, and the Republic has taken other steps to promote regional economic integration. In September 2003, Kazakhstan signed an agreement with Ukraine, Russia and Belarus with the intention of creating a single economic zone, which was 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 this single economic zone was to create a free customs area within which member countries would enjoy free movement of goods, services, capital and labour. The member countries also stated that they intended to coordinate their fiscal, credit and currency policies. Government policy advocates further economic integration within the CIS and in August 2006, the Government authorised an agreement in respect of investment activities and free movement of capital between Kazakhstan, Ukraine, Belarus and Russia and integration of their financial regulatory regimes in accordance with international standards.

Like other countries in Central Asia, Kazakhstan could be affected by continuing military activity taken in Afghanistan by the United States and an international coalition in response to the September 2001 terrorist attacks in the United States. In addition, the continuation of military actions by a United States and British-led coalition in Iraq could also affect the world economy and the political stability of other countries. In particular, countries in the Central Asian region, such as Kazakhstan, whose economies and state budgets rely in part on the export of oil and oil products, the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by any resulting volatility in oil 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, such as Turkey, which is a major infrastructure project contributor in the Central Asian region.

The Bank is subject to 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 may be 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. To mitigate any such negative effect, in 2000 the Government established the National Fund of Kazakhstan for the purpose of supporting the Financial Markets and the Kazakhstan economy in the event of any sustained drop in oil revenues. Notwithstanding these efforts, however, low commodity prices and weak demand in its export markets may adversely affect Kazakhstan's economy in the future.

The Government 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 reforms in the legal system. Despite relatively slow progress in this regard, the economy of Kazakhstan has undergone extensive transformation over the last eleven years. Since mid-1994, the Government has adhered to a macroeconomic stabilisation programme aimed at curtailing inflation, reducing the fiscal deficit and boosting international currency reserves. Whilst gross domestic product ("GDP") has grown in real terms 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 US dollar in 1999 and continued to depreciate in the next three years, although since then it has recovered approximately 30 per cent. against the US dollar. As at 30 September 2006, the official KZT/US dollar exchange rate reported by the NBK was KZT 127.22 per US$1.00.

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.

The Bank's business is dependent upon the 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 there has been much reform of tax, foreign investment and financial sector legislation and regulations, 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, Government officials may not be fully independent. 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 stated that it believes in continuing reforms 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.

It is expected that tax legislation in Kazakhstan will become more sophisticated and that there will be additional revenue raising measures which may result in significant additional taxes becoming payable. Additional tax exposure could have a material adverse effect on the Bank's business and financial condition and on the results of operations of companies operating in Kazakhstan.

Securities markets are less developed than in many Western countries

An organised securities market was established in Kazakhstan only relatively recently 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 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 and with 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.

There are risks associated with the rating of Kazakhstan

Outstanding Eurobonds foreign currency long-term debt of the Republic of Kazakhstan are rated Baa1 by Moody's and BBB- by Fitch. 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. Any adverse change in the credit rating of the Republic of Kazakhstan could negatively affect the Bank and the trading price of the Notes.

Risk Factors Relating to the Notes

The Notes may not be 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:

(i) 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 or incorporated by reference in this Prospectus;

(ii) 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;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) 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 Notes which are complex instruments 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.

Noteholders may be bound by the decision of other Noteholders notwithstanding that they were not present at the meeting

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined percentages of Noteholders to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a contrary manner.

Payments of interest to individuals within a Member State of the EU could be subject to taxation under EC Council Directive 2003/48/EC

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Although application may be made to list the Notes on the London Stock Exchange, there is no prior market for the Notes

An active trading market in the Notes may not develop or be maintained after any listing. 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. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and the trading price of the Notes.

The trading price of the Notes may be volatile

In recent years stock markets have experienced significant price fluctuations. These fluctuations often were unrelated to the operating performance of the companies whose securities are traded on such stock markets. Market fluctuations as well as adverse economic conditions have negatively affected the market price of many securities and may affect the market price of the Notes.

In particular, the markets for securities bearing emerging market risks, such as risks relating to Kazakhstan, may be volatile. Markets for such securities 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. In the last quarter of 1997, certain markets in Southeast Asia experienced significant financial turmoil that had a ripple effect on other emerging markets. In August 1998, the government of the Russian Federation declared a moratorium on the payment of certain debt obligations of Russian entities and forced a restructuring of certain short-term domestic sovereign instruments. Although this moratorium expired in November 1998, the economic and financial situation in Russia remains uncertain and events may occur which would cause volatility of the sort which occurred in world-wide financial markets in 1997 and 1998. Any such volatility may adversely affect the liquidity of the market for, or price of, the Notes.

Interest rate risks

Investment in the Notes when the interest rate is set at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors may be subject to law or review or regulation by certain authorities. Each potential investor should determine for itself, on the basis of professional advice where appropriate, whether and to what extent (1) Notes are lawful investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Enforceability of judgments

Kazakhstan's courts will not enforce a judgment of 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*".

TERMS AND CONDITIONS OF THE NOTES

There will appear at the foot of the Conditions endorsed on each Note Certificate the names and Specified Offices of the Paying and Transfer Agents and relevant Registrar as set out at the end of this Prospectus.

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 Certificate (if issued):

The US$500,000,000 8.625 per cent. Notes due 2014 (the "Notes" which expression includes any further Notes issued pursuant to Condition 17 (*Further Notes*) and forming a single series therewith) of Bank CenterCredit International B.V. (the "Issuer") are (a) guaranteed by JSC Bank CenterCredit (the "Guarantor" or the "Bank") pursuant to a trust deed dated on or about 30 January 2007 (as amended or supplemented from time to time, the "Trust Deed") between the Issuer, the Guarantor and Deutsche Trustee Company Limited as trustee (the "Trustee", which expression includes all persons for the time being appointed as trustee for the Noteholders (defined below) under the Trust Deed), (b) constituted by and subject to, and have the benefit of, the Trust Deed and (c) are the subject of a paying agency agreement dated 30 January 2007 (as amended or supplemented from time to time, the "Paying Agency Agreement") between the Issuer, the Guarantor, the Trustee and Deutsche Bank AG, London Branch as principal paying and transfer agent (the "Principal Paying and Transfer Agent", which expression includes any successor principal paying and transfer agents appointed from time to time in connection with the Notes), Deutsche Bank Trust Company Americas and the 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 Deutsche Bank Luxembourg S.A. and Deutsche Bank Trust Company Americas, in their respective capacities as registrars (each a "Registrar" and collectively the "Registrars", which expression shall include any successor Registrar appointed from time to time in connection with the Notes). References herein to the "Agents" are to the Registrars, the Paying and Transfer Agents and any reference to an "Agent" is to any one of them as the context requires.

Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and subject to their detailed provisions. The Noteholders (defined below) 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 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 Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.

References to "Conditions" are, unless the context requires, to the numbered paragraphs of these Conditions.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Notes are in registered form, without interest coupons attached, in minimum denominations of US$100,000 and integral multiples of US$1,000 in excess thereof (an "Authorised Denomination"). Global Notes will be exchangeable for notes in definitive, fully registered form ("Note Certificates"), without interest coupons, in the circumstances specified in the respective Global Note.

(b) *Title*

Title to the Notes will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfers*). The holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note 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 a joint holding, the first named thereof) and "holders" and "Noteholders" shall be construed accordingly.

(c) *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

Each Registrar will maintain a register (in the aggregate, 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 Note Certificate will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be serially numbered with an identifying number which will be recorded in the Register.

3. Transfers

(a) *Transfers*

Subject to Conditions 3(d) (*Closed Periods*) and 3(e) (*Regulations concerning Transfers and Registration*) below, a Note may be transferred in whole or in part in an Authorised Denomination upon surrender of the relevant Note Certificate, with the endorsed form of transfer (the "Transfer Form") duly completed, at the Specified Office of the relevant Registrar or the Paying and Transfer Agent, together with such evidence as such 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 relevant 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.

(b) *Registration and Delivery of Note Certificates*

Within five Business Days of the surrender of a Note Certificate in accordance with paragraph (a) above, the relevant 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 (at the request and risk of 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(b), "Business Day" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the relevant Registrar or the relevant Transfer Agent has its Specified Office.

(c) *No Charge*

The transfer of a Note will be effected without charge by or on behalf of the Issuer, the relevant Registrar or the relevant Transfer Agent but against such indemnity as the relevant Registrar or (as the case may be) the relevant 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.

(d) *Closed Periods*

The Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(e) *Regulations concerning Transfers and Registration*

All transfers of Notes and entries on the relevant Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrars. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Noteholder who requests in writing a copy of such regulations.

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, unsubordinated 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 and at least *pari passu* in right of payment with all other present and future unsubordinated and unsecured obligations of the Issuer, 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

(a) *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 such 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.

(b) *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.

(c) *Limitations on certain transactions*

For 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 US$7 million unless such transaction or series of transactions is or are at a Fair Market Value.

(d) *Limitation on payment of dividends*

For 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 11 (*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.

(e) *Provision of Information*

The Issuer and the Guarantor shall, during any period in which it is not subject to or in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any holder of a Note which is a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act or to any prospective purchaser of such securities designated by such Noteholder, upon the written request of such Noteholder or (as the case may be) prospective Noteholder addressed to the Issuer or the Guarantor, as the case may be, and delivered to the Issuer or the Guarantor, as the case may be, or to the Specified Office of the relevant Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

(f) *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 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.

(g) *Definitions*

For the purposes of these Conditions:

"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 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.

"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 generally accepted accounting standards in the jurisdiction of incorporation of the lessee, 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.

"International 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 mBh ("DEG") and any 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.

"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) 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, (h) granted by the Guarantor in favour of an International Organisation to secure Indebtedness for Borrowed Money owed by the Guarantor to such International Organisation pursuant to any loan agreement or other credit facility entered into between the Guarantor and such International Organisation, *provided*, *however*, *that* (i) the amount of Indebtedness for Borrowed Money so secured pursuant to this clause (h) shall not exceed in the aggregate an amount in any currency or currencies equivalent to 20 per cent. of the Guarantor's gross loans 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, (i) 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, (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 (including loan participation notes) 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) (other than obligations secured on claims against the Guarantor ranking junior in right of payment to claims under the Guarantee and constituting regulatory capital, accordingly, as to which obligations this proviso shall not apply) 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 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 with an aggregate principal amount at any time not exceeding U.S.$10 million (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 supernational, international or multilateral or 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.

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(a) to 5(k)) 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.

6. Interest

(a) *Interest Accrual*

Each Note bears interest from (and including) 30 January 2007 (the "Issue Date") at the rate of 8.625 per cent. per annum (the "Rate of Interest"), payable on 30 January and 30 July in each year (each, an "Interest Payment Date") commencing on 30 January 2007, subject as provided in Condition 7 (*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".

(b) *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).

(c) *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).

(d) *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.

7. Payments

(a) *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 Certificate at the Specified Office of any Paying and Transfer Agent.

(b) *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.

(c) *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 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Record Date*

Each payment in respect of a Note will be made to the person shown as the holder in the Register at the close of business (in the place of the relevant Registrar's Specified Office) on the fifteenth day before the due date for such payment (the "Record Date").

(e) *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 of 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 7 (*Payments*) arriving after the due date for payment or being lost in the mail. In this Condition 7(e), "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).

(g) *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 London Stock Exchange and such exchange so requires maintain a paying and transfer agent in London, 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 ("Directive 2003/48/EC") 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 14 (*Notices*).

8. Redemption and Purchase

(a) *Scheduled redemption*

Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on 30 January 2014, subject as provided in Condition 7 (*Payments*).

(b) *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 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, as the case may be,) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) to any greater extent than would have been required had such a payment been required to be made on 30 January 2007 as a result of any change in, or amendment to, the laws or regulations of The Netherlands 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), which change or amendment becomes effective on or after 30 January 2007 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 8(b), the Issuer (or the Guarantor, as the case may be) shall be bound to redeem the Notes in accordance with this Condition 8(b).

(c) *Redemption at the option of the Noteholders*

Following the occurrence of an Event of Default, 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 14 (*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 8(c), 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 8(c), 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.

(d) *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 8(c) above, the Issuer may, having given not less than 30 or more than 60 days' notice to the Noteholders in accordance with Condition 14 (*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 to but excluding the date of such redemption.

(e) *No other redemption*

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 8(a) to 8(d) above.

(f) *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 of 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.

(g) *Cancellation of Notes*

All Notes which are redeemed pursuant to Conditions 8(a) to 8(d) above or submitted for cancellation pursuant to Condition 8(f) above shall be cancelled and may not be reissued or resold. So long as the Notes are listed on the London Stock Exchange, the Issuer shall notify the London Stock Exchange of any such cancellation.

(h) *Occurrence of an Event of Default*

The Trustee shall not be required to take any steps to ascertain whether an Event of Default or any event which could lead to an Event of Default has occurred or may occur.

9. Taxation

(a) *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 or the Republic of Kazakhstan 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:

(i) 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

(ii) 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

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

(iv) 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.

(b) *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.

(c) *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 9 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 9 (*Taxation*) pursuant to the Trust Deed.

(d) *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.

10. 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.

11. 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 and/or secured 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:

(a) *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

(b) *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 11 (*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

(c) *Cross-default*

(i) any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Material Subsidiary of the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period, or

(ii) 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

(iii) the Issuer, the Guarantor or any of the Guarantor's Material 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 (i) and/or (ii) above and/or the amount payable under any Indebtedness Guarantee referred to in (iii) above individually or in the aggregate exceeds US$7 million (or its equivalent in any other currency or currencies); or

(d) *Bankruptcy*

(i) 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

(ii) 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

(e) *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

(f) *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 materially prejudicial to the interests of the Noteholders and such failure is not remedied within 30 days after notice thereof has been given to the Guarantor; or

(g) *Material compliance with applicable laws*

The Issuer or the Guarantor fails to comply in any 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

(h) *Invalidity or unenforceability*

(i) 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

(ii) 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

(iii) 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 11(h), the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

(i) *Government intervention*

(i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material 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

(ii) the Issuer, the Guarantor or any Material 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 11(i), the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders.

As used in this Condition 11 (*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.

A report by the Auditors (as defined in the Trust Deed) that in their opinion a Material Subsidiary is or is not or was or was not at a specified date a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties for such purpose.

12. 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 relevant Registrar or the Paying and Transfer Agent 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, relevant Registrar or Paying and Transfer Agent may require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

13. Meetings of Noteholders; Modification and Waiver

(a) *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.

(b) *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.

(c) *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.

14. Notices

(a) *Notices to the Noteholders*

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 London Stock Exchange's Gilt Edged and Fixed Interest Market 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 the United Kingdom (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

(b) *Notices to the Issuer and/or the Guarantor*

Notices to the Issuer and/or the Guarantor will be deemed to be validly given if delivered to the Guarantor at 98, Panfilov Street, 050000 Almaty, Kazakhstan and clearly marked on their exterior "Urgent—Attention: Debt Capital Markets" with a copy to the Issuer at CenterCredit International B.V., Schouwburgplein 30-34, 3012 CL Rotterdam, The Netherlands and clearly marked on the external "Urgent—Attention: CenterCredit International B.V." (or at such other addresses and for such other attentions as may have been notified to the Noteholders in accordance with Condition 14(a) (*Notices to the Noteholders*) and will, be deemed to have been validly given at the opening of business on the next day on which the Issuer's and/or the Guarantor's (as the case may be) principal offices, as applicable, are open for business.

(c) *Notices to the Trustee and Agents*

Notices to the Trustee or any Agent will be deemed to have been validly given if delivered to the Specified Office, for the time being, of the Trustee or such Agent, as the case may be, and will be validly given on the next day on which such office is open for business.

15. Trustee

(a) *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.

(b) *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.

(c) *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:

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

(ii) it has been indemnified and/or provided with security to its satisfaction.

(d) *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.

(e) *General*

Until the Trustee has actual or express knowledge to the contrary, the Trustee may assume that no Event of Default has occurred.

The Trustee is not liable for any failure to monitor compliance by the Issuer or the Guarantor with the Conditions (including the Issuer's and Guarantor's covenants and Condition 11 (*Events of Default*)) and may rely upon the information provided to it in any certificate of each Issuer and the Guarantor signed by any two of its directors.

(f) *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. 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 issue date and/or the first payment of interest) so as to form a single series with the Notes.

Noteholders should be aware that additional notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such case, for U.S. federal income tax purposes, the additional notes may be considered to have been issued with original issue discount, which may affect the market value of the original Notes since such additional notes may not be distinguishable from the original Notes.

17. 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.

18. Governing Law; Jurisdiction and Arbitration

(a) *Governing law*

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

(b) *Jurisdiction*

(i) Subject to an election for arbitration being made under Clause 18.4 of the Trust Deed, the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes (the "Proceedings") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Trustee and the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(ii) Each of the Issuer and the Guarantor irrevocably consents generally in respect of any legal action or proceedings arising out of or in connection with the Trust Deed to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such action or proceedings.

(iii) To the extent that it may, in respect of any legal action or proceedings in any jurisdiction arising out of or in connection with the Trust Deed, be entitled to claim for itself or its assets immunity from suit, from the jurisdiction of any court, from execution, attachment (whether in aid of execution of a judgment, before judgment or otherwise) or any other relief or other legal process, and to the extent that in any such legal action or proceedings in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), each of the Issuer and the Guarantor irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent now or hereafter permitted by the laws of the jurisdiction in which such legal action is or such proceedings are commenced.

(iv) Each of the Issuer and the Guarantor agrees that a final judgment in any suit, action or proceedings of the nature referred to in Condition 18(b)(i) brought in any court shall be conclusive and binding upon it and may, subject to applicable law and to compliance with any applicable procedural requirements, be enforced in or by any of those courts mentioned in Condition 18(b)(i), or any other courts to the jurisdiction of which the Issuer or the Guarantor are or may be subject by a suit upon such judgment provided that service of process in connection with any such suit, action or proceedings shall have been effected upon them or such of them in one of the manners specified in Condition 18(c) or as otherwise permitted by applicable law.

(c) *Service of Process*

Each of the Issuer and the Guarantor irrevocably appoints Bracewell & Giuliani LLP of 1 Cornhill, London EC3V 3ND to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such, ceases to be appointed as such, or no longer has an address in England each of the Issuer and the Guarantor, as the case may be, the Issuer or the Guarantor, as the case may be, irrevocably agrees to appoint a substitute process agent acceptable to the Trustee and shall immediately notify the Trustee of such appointment. Nothing shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The gross proceeds of the offering are expected to be approximately US$494,220,000. The Issuer will deposit with the Bank the net proceeds of the issue of the Notes, which are expected to be approximately US$491,466,000. The Bank will use such deposit to fund loans and advances to its borrowers and for other general corporate purposes. Total commissions and expenses relating to the issue (including total expenses related to the admission to trading) are expected to be approximately US$2,754,000.

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 4 January 2006 for an unlimited duration. Its number in the commercial register of Rotterdam, The Netherlands is 24388417. The Issuer is a direct, wholly-owned subsidiary of the Bank.

Capitalisation

The following table sets out the capitalisation of the Issuer as at 30 September, 2006, and as adjusted to reflect the issue and sale of the Notes, before deducting commissions and expenses:

	Actual		**As adjusted**	
	(*US$*)[(1)] (*unaudited*)	(*euro*) (*unaudited*)	(*US$*)[(1)] (*unaudited*)	(*euro*) (*unaudited*)
Senior long-term liabilities[(2)]	788,333,848	622,696,562	1,288,333,848	1,017,641,270
Subordinated long-term liabilities	100,000,000	78,988,942	100,000,000	78,988,942
Total equity	2,600,397	2,054,026	2,600,397	2,054,026
Total equity and long-term liabilities	890,934,245	703,739,530	1,390,934,245	1,098,684,238

(1) At the exchange rate of €1 = US$1.266 (from the European Central Bank).
(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 at par and are directly owned by the Bank and a €2,000,000 million share premium contribution made by the Bank.

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 been established as a special purpose vehicle and 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 except for (i) the issue of US$300,000,000 8 per cent. notes due 2011, issued on 2 February 2006, which are unconditionally and irrevocably guaranteed by the Bank, (ii) the issue of US$100,000,000 9.125 per cent. perpetual non-cumulative loan participation notes, issued on 3 March 2006, the payment obligations of which are supported by a subordinated loan between the Issuer and the Bank, (iii) the entering into of a US$300,000,000 facility agreement, dated 18 July 2006 and (iv) the issue of KZT25,000,000,000 8.25 per cent. Notes due 30 September 2011, issued on 20 September 2006, which are unconditionally and irrevocably guaranteed by the Bank.

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

Financial Statements

Since the date of its incorporation and as at the date of this Prospectus, the Issuer has not published any financial statements. To comply with a NBK requirement that the accounts of overseas subsidiaries of Kazakhstan banks must be independently audited, the Issuer will engage Deloitte, LLP 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 has two managing directors, Mr T.Z. Ishmuratov, who is also a Managing Director of the Bank, and Equity Trust Co. N.V. ("Equity Trust"), a limited liability company incorporated in The Netherlands.

The business address for the managing directors and the directors of Equity Trust is Schouwburgplein 30-34, 3012 CL Rotterdam, The Netherlands. The directors of Equity Trust are F. van der Rhee, R.G.A. de Schutter and J.C.W. van Burg (each a managing director) and, *inter alia*, W.P. Ruoff and W.H. Kamphuijs (each a deputy director), each jointly authorised to represent Equity Trust as a managing director of the Issuer.

Except as disclosed in the first paragraph of this sub-section, 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.

There are no potential conflict of interests between any duties of the directors of Equity Trust towards either the Issuer or Equity Trust and their private interests and/or other duties.

The directors of Equity Trust perform no principal activities outside Equity Trust which are significant with respect to either Equity Trust or the Issuer.

General Information

The business address of the Issuer is Schouwburgplein 30-34, 3012 CL, Rotterdam, The Netherlands and its telephone number is +31 10 2245 333. 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.

CAPITALISATION OF THE BANK

The following table sets out the consolidated capitalisation of the Bank as at 30 September 2006 on an actual basis, and as adjusted to reflect the issuance of the Notes:

	30 September 2006			
	Actual		As Adjusted	
	(*US$ thousands*)[1]	(*KZT thousands*)	(*US$ thousands*)[1]	(*KZT thousands*)
	(*unaudited*)		(*unaudited*)	
Liabilities				
Senior long-term liabilities[2]	1,767,350	224,842,279	2,267,350	288,452,267
Subordinated long-term liabilities	238,948	30,398,970	238,948	30,398,970
Total long-term liabilities	2,006,298	255,241,249	2,506,298	318,851,237
Equity				
Share capital[3]	157,543	20,042,646	157,543	20,042,646
Investments available-for-sale fair value reserve	2,812	357,743	2,812	357,743
Fixed assets revaluation reserve	38	4,771	38	4,771
Retained earnings	115,054	14,637,209	115,054	14,637,209
Minority interest	1,161	147,727	1,161	147,727
Total equity	276,608	35,190,096	276,608	35,190,096
Total capitalisation	**2,282,906**	**290,431,345**	**2,782,906**	**354,041,333**

(1) US$ 1.00 = KZT127.22.

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

(3) Comprises 98,531,021 authorised, issued and fully paid ordinary shares. As at 30 September 2006, the Bank's share capital had increased to KZT20,043 million. The Bank has not issued any debt securities convertible into, or exchangeable for, its ordinary shares.

Other than as set forth in the notes to the above capitalisation table, there has been no material change in the Bank's capitalisation since 30 September 2006.

SELECTED FINANCIAL AND OTHER INFORMATION

The following table contains selected historical financial information derived from the Bank's consolidated financial statements as at 31 December 2005, 2004 and 2003 and for the three years ended 31 December 2005 which were audited by Deloitte, LLP and are included elsewhere in this Prospectus. The selected historical information as at 30 September 2006 and for the nine months ended 30 September 2006 and 2005 is extracted from the unaudited condensed consolidated interim financial statements prepared by the Bank and is included elsewhere in this Prospectus. They have been prepared using the same accounting principles and on the same basis as the year-end consolidated financial statements and in the opinion of the Bank's management, include all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of interim results. Investors should not rely on interim results as being indicative of results the Bank may expect for the full year. The Bank's selected historical consolidated financial statements have been prepared in accordance with IFRS and are presented in Tenge.

Solely for the convenience of the reader, the Bank has translated certain Tenge amounts into US dollars at specified rates. The Bank has translated the summary income statement information for the year ended 31 December 2005 and for the nine months ended 30 September 2006 into US dollars at the rates of US$1.00 = KZT133.98 and US$1.00 = KZT127.22 respectively, and the summary balance sheet information as at 31 December 2005 and 30 September 2006 at the rates of US$1.00 = KZT133.98 and US$1.00 = KZT127.22, respectively. See "*Exchange Rates and Exchange Controls*". In addition, the ratios in the Bank's selected financial ratios are calculated on the basis of Tenge balances.

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in "*Capitalisation of the Bank*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Selected Statistical and Other Information*" and the Bank's condensed consolidated interim financial statements and consolidated financial statements and the related notes thereto appearing elsewhere in this Prospectus.

Consolidated Income Statement Data

	For the nine month period ended 30 September			For the year ended 31 December			
	2006	2006	2005	2005	2005	2004	2003
	(*US$ thousands*) (*unaudited*)	(*KZT thousands*) (*unaudited*)		(*US$ thousands*) (*unaudited*)	(*KZT thousands*)		
Income Statement:							
Interest income	263,323	33,500,000	17,216,823	192,823	25,834,410	12,396,971	6,962,144
Interest expense	(163,021)	(20,739,522)	(9,491,624)	(104,002)	(13,934,160)	(6,355,305)	(3,333,540)
Net interest income before provision for impairment losses on interest bearing assets	100,302	12,760,478	7,725,199	88,821	11,900,250	6,041,666	3,628,604
Provision for impairment losses on interest bearing assets	(39,825)	(5,066,561)	(3,726,321)	(40,276)	(5,396,226)	(2,418,052)	(1,434,198)
Net interest income	60,477	7,693,917	3,998,878	48,545	6,504,024	3,623,614	2,194,406
Net gain/(loss) on assets at fair value through profit or loss	4,609	586,334	(30,064)	(157)	(20,963)	92,756	111,886
Net realized gain/(loss) on investments available-for-sale	80	10,234	17,212	(38)	(5,060)	28,079	(16,034)
Net gain on foreign exchange operations	9,572	1,217,703	836,087	8,325	1,115,378	783,277	452,529
Fees and commission income	38,703	4,923,794	3,803,765	38,284	5,129,225	3,327,522	2,209,659
Fees and commission expenses.	(4,126)	(524,966)	(403,991)	(3,937)	(527,445)	(339,886)	(207,398)
Other income	6,230	792,592	468,826	3,407	456,439	287,138	173,359
Net non-interest income	55,068	7,005,691	4,691,835	45,884	6,147,574	4,178,886	2,724,001
Operating income	115,545	14,699,608	8,690,713	94,429	12,651,598	7,802,500	4,918,407
Operating expenses	(58,526)	(7,445,656)	(4,874,020)	(54,136)	(7,253,103)	(4,963,739)	(3,540,043)
Operating profit	57,019	7,253,952	3,816,693	40,293	5,398,495	2,838,761	1,378,364
Provision for impairment losses on other transactions	(5,696)	(724,692)	(80,728)	(392)	(52,571)	(118,662)	(5,143)
Share of results of associates	-	-	-	-	-	4,100	871
Profit before income tax	51,323	6,529,260	3,735,965	39,901	5,345,924	2,724,199	1,374,092
Income tax expense	(7,212)	(917,457)	(208,380)	(4,348)	(582,537)	(284,585)	(121,076)
Net profit	44,111	5,611,803	3,527,585	35,553	4,763,387	2,439,614	1,253,016
Attributable to:							
Equity holders of the parent	43,898	5,584,714	3,531,049	35,493	4,755,366	2,424,024	1,281,656
Minority interest	213	27,089	(3,464)	60	8,021	15,590	(28,640)

Consolidated Balance Sheet Data

	As at 30 September			As at 31 December			
	2006	2006	2005	2005	2005	2004	2003
	(*US$ thousands*) (*unaudited*)	(*KZT thousands*) (*unaudited*)		(*US$ thousands*) (*unaudited*)		(*KZT thousands*)	
Balance Sheet							
Assets:							
Cash and balances with the National Bank of the Republic of Kazakhstan	342,363	43,555,373	10,793,579	123,907	16,601,006	8,738,081	5,647,741
Loans and advances to banks	407,392	51,828,477	13,095,043	332,801	44,588,666	17,588,421	9,562,235
Financial assets at fair value through profit or loss	107,851	13,720,849	5,561,841	254,402	34,084,775	2,911,382	1,412,897
Loans to customers, less allowance for impairment losses	2,627,879	334,318,717	182,477,837	1,551,055	207,810,358	91,312,441	52,068,761
Investments available-for-sale	175,028	22,267,089	36,624,058	132,257	17,719,809	21,478,739	8,999,865
Investments held-to-maturity	287,468	36,571,698	92,348	466	62,460	54,973	-
Fixed and intangible assets, less accumulated depreciation and amortization	60,360	7,678,954	5,200,508	45,570	6,105,415	3,887,790	2,688,497
Income tax assets	3,072	390,850	123,615	1,805	241,837	119,675	29,061
Other assets, less allowance for impairment losses	33,002	4,198,504	3,966,018	22,516	3,016,702	2,115,168	1,423,846
Total assets	4,044,415	514,530,511	257,934,847	2,464,779	330,231,028	148,206,670	81,832,903
Liabilities and Equity:							
Liabilities:							
Loans and advances from banks	1,125,078	143,132,433	61,830,260	863,174	115,647,982	34,841,460	21,980,979
Customer accounts	1,593,347	202,705,624	127,909,761	1,047,927	140,401,275	91,690,719	47,928,734
Debt securities issued	791,755	100,727,005	33,052,953	250,710	33,590,145	1,510,157	-
Deferred income tax liabilities	-	-	-	-	-	-	62,403
Other liabilities	15,631	1,988,566	2,424,140	5,985	801,926	413,619	213,166
Subordinated debt	241,996	30,786,787	11,327,981	101,345	13,578,243	7,475,295	4,160,537
Total liabilities	3,767,807	479,340,415	236,545,095	2,269,141	304,019,571	135,931,250	74,345,819
Equity:							
Share capital	157,543	20,042,646	12,877,492	122,405	16,399,781	7,466,920	5,168,010
Investments available-for-sale fair value reserve	2,812	357,743	602,427	4,745	635,707	426,252	378,355
Fixed assets revaluation reserve	38	4,771	274,561	44	5,889	275,527	277,182
Retained earnings	115,054	14,637,209	7,574,739	67,680	9,067,728	4,042,724	1,617,045
Minority interest	1,161	147,727	60,533	764	102,352	63,997	46,492
Total equity	276,608	35,190,096	21,389,752	195,638	26,211,457	12,275,420	7,487,084
Total liabilities and equity	4,044,415	514,530,511	257,934,847	2,464,779	330,231,028	148,206,670	81,832,903

Selected Financial Ratios

	As at or for the nine month period ended 30 September		As at or for the year ended 31 December		
	2006	2005	2005	2004	2003
	(*per cent.*, *unless otherwise noted*)				
Key Ratios:					
Return on equity[(1) (2)]	24.4	28.0	24.8	24.7	21.5
Net earnings per share (in KZT)	74.0	80.2	97.9	80.6	63.0
Operating expenses/operating income before provisions for impairment losses	37.7	39.3	40.2	48.6	55.7
Operating expenses/operating income after provisions for impairment losses	50.7	56.1	57.3	63.6	72.0
Effective provisioning rate on loans to customers	4.0	4.0	4.2	4.3	4.2
Profitability Ratios:[(3)]					
Net interest margin[(2) (4)]	4.5	5.6	5.4	5.9	6.4
Operating expenses as a percentage of net interest income before provisions for impairment losses	58.4	63.1	60.9	82.2	97.6
Operating expense as a percentage of average total assets[(2)]	2.4	3.2	3.0	4.3	5.3
Net profit as a percentage of average total assets[(2)]	1.8	2.3	2.0	2.1	1.9
Balance Sheet Ratios:					
Customer accounts as a percentage of total assets	39.4	49.6	42.3	61.9	58.6
Total net loans to customers as a percentage of total assets	65.0	70.8	62.9	61.6	63.6
Total equity as a percentage of total assets	6.8	8.3	7.9	8.3	9.2
Liquid assets as a percentage of customer accounts[(5)]	70.7	47.6	79.6	54.3	52.7
Liquid assets as a percentage of liabilities of up to one month	184.3	114.0	131.7	105.8	103.4
Capital Adequacy Ratios:[(6)]					
Total capital	16.5	14.9	16.3	17.4	15.8
Tier I capital	9.0	9.6	10.7	10.6	9.9
Credit Quality Ratios:[(7)]					
Non-performing loans as a percentage of total loans.	0.5	0.3	0.3	0.5	0.9
Non-performing loans as a percentage of total loans and guarantees	0.3	0.2	0.3	0.5	0.8
Provisions for impairment losses as a percentage of non-performing loans	855.0	1,511.2	1364.6	787.3	466.9
Macroeconomic Data:					
Consumer Price Inflation (for the 12 months then ended)	5.9	5.0	7.5	6.7	6.8
Real GDP (change during the 12 months then ended)	10.6	8.9	9.5	9.6	9.3

(1) Based upon the average of the opening and closing balances for the period.
(2) Annualised.
(3) Averages are based upon the average of the opening and closing balances for the period.
(4) Net interest margin is net interest income before provisions for impairment losses as a percentage of average interest-bearing assets.
(5) Liquid assets include cash and balances with the NBK, loans and advances to banks (with maturity of less than one month), financial assets at fair value through profit or loss and investment securities.
(6) Calculated in accordance with the Basel Accord, as currently in effect.
(7) For the definition of non-performing loans used by the Bank, see "*Description of the Bank—Lending Policies and Procedures—Provisioning Policy*".

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

The following discussion should be read in conjunction with "Selected Financial and Other Information" and the Bank's audited consolidated annual financial statements and its unaudited condensed consolidated interim financial statements appearing elsewhere in this Prospectus. This discussion includes forward-looking statements that involve risks and uncertainties. The Bank's actual results could differ materially from those contained in such forward-looking statements as a result of numerous factors, including the risks described in "Risk Factors". See "Forward-looking Statements".

Introduction

Established in 1988, the Bank is the sixth largest commercial bank in Kazakhstan, measured by total assets and fourth largest by customer accounts as at 30 September 2006, providing retail and corporate banking products and services. As at and for the nine months ended 30 September 2006, the Bank had net profit of KZT5,611.8 million, total assets of KZT514,530.5 million and equity of KZT35,190.1 million, compared with net profit of KZT4,763.4 million, total assets of KZT330,231.0 million and equity of KZT26,211.5 million for the year ended 31 December 2005.

The Bank's consolidated financial statements as at 31 December 2005, 2004 and 2003 for the three years ended 31 December 2005 were prepared in accordance with IFRS and audited by Deloitte, LLP. The Bank's condensed consolidated interim financial statements as at 30 September 2006 and for the nine months ended 30 September 2006 and 2005 were prepared in accordance with IFRS. These financial statements are consolidated and reflect the results of operations of the Bank and its subsidiaries, LLP Center Leasing, JSC BCC Invest, JSC Capital Pension Fund and CenterCredit International B.V.

The discussion in relation to the Bank's consolidated financial statements as at 31 December 2005, 2004 and 2003 and for the three years ended 31 December 2005 and as at 30 September 2006 and for the nine months ended 30 September 2006 and 2005 is, unless otherwise stated, based upon the Bank's consolidated financial statements as at and for the years or periods, as the case may be, ended on such dates. This discussion, insofar as it refers to average amounts, has been based upon the average of the opening and closing balances for the period as calculated on the basis used in the Bank's consolidated financial statements.

The discussion in relation to the Bank's results of operations and financial condition as at 30 September 2006 and for the nine months ended 30 September 2006 and 2005 is based on the Bank's unaudited condensed consolidated interim financial statements at 30 September 2006 and for the nine months ended 30 September 2006 and 2005 which have been prepared in accordance with IFRS and are stated on a basis substantially consistent with the consolidated financial statements included elsewhere in this Prospectus.

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 independence in 1992; for example, real gross domestic product ("GDP"), which fell by 38.6 per cent. between 1990 and 1995, is estimated to have grown by roughly the same amount since then, assisted substantially by the flotation of the Tenge in April 1999 and 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 the 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[(1)]

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 NSA's estimate of the size of the black market (including the household sector) has been that, at times, it has exceeded 35 per cent. of GDP. Others have, however, given even higher estimates of the contribution of the black market economy.

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

	Year ended 31 December							
	2005	2004	2003	2002	2001	2000	1999	1998
Nominal GDP (KZT millions)	7,457,000	5,870,000	4,612,000	3,776,000	3,250,593	2,599,902	2,016,456	1,733,264
Real GDP (percentage change during the twelve months then ended)	9.5	9.6	9.3	9.8	13.5	9.8	2.7	(1.9)
Nominal GDP per capita (KZT)	490,021	389,516	308,701	254,105	219,170	174,854	135,088	114.991
Population (millions average annual)	15.22	15.07	14.94	14.86	14.85	14.86	14.90	15.00

Source: NSA, NBK

Real GDP increases over the period are principally the result of systemic reforms (including price and trade liberalisation as well as privatisation), foreign investment (particularly in the oil and gas and non-ferrous metallurgy sectors), an increase in construction and the flotation of the Tenge in April 1999.

(1) As reported in NBK's statistical bulletin No. 10 for October 2006

GDP by source

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

	Year 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**

Source: NSA

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

The composition of Kazakhstan's GDP has changed over recent years, with the share of agriculture decreasing and that of industry increasing by more than 5.0 per cent. since 1998.

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 75.6 per cent. of total exports in the first nine months of 2006, compared to 74.4 per cent. and 74.0 per cent. of total exports for the same period in 2005 and in the whole of 2005, respectively.

Inflation

The year-on-year rate of consumer price inflation has fallen from 1,258.3 per cent. as at the end of 1994 to 7.5 per cent. as at the end of 2005 and 5.9 per cent. as at the end of September 2006, although inflationary pressures have resumed in 2005 and 2006, to a certain extent 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:

	Nine months ended 30 September	Year ended 31 December							
	2006	2005	2004	2003	2002	2001	2000	1999	1998
					(*per cent.*)				
Consumer Prices...	5.9	7.5	6.7	6.8	6.6	6.4	9.8	17.8	1.9
Producer Prices.....	18.9	20.3	23.8	5.9	11.9	(14.1)	19.4	57.2	(5.5)

Source: NSA, NBK

Balance of Payments

The following table sets forth the year-on-year surplus (or deficits) on the current account and surplus on the capital and financial accounts (primarily attributable to inflows of foreign direct investment) for the periods indicated:

	Six months ended 30 June(1)	Year ended 31 December				
	2006	2005	2004	2003	2002	2001
			(*US$ millions*)			
Current account	214.1	(724.0)	335.4	(272.6)	(1,024.3)	(1,389.5)
Capital and financial account	5,756.9	943.0	4,679.5	2,738.0	1,239.3	2,428.7

Source: NSA, NBK

(1) Data for nine months is not available.

Based on NBK data, Kazakhstan's current account deficit in 2003 was US$272.6 million compared with a surplus of US$335.4 million in 2004 and deficit of US$724.0 million in 2005. The current account surplus in the first half of 2006 was US$214.1 million.

The current account deficit has been offset by inflows of foreign direct investment. The capital and financial account surplus in 2000 was US$l,016.5 million, resulting in a balance of payment surplus of US$585.1 million. In 2001, foreign direct investment in the amount of US$4,652.7 million resulted in a capital and financial account surplus of US$2,428.7 million. In 2002, foreign direct investment for the year amounted to US$3,681.8 million, which resulted in a capital and financial account surplus of US$1,239.2 million. In 2003, foreign direct investment was US$4,479.6 million and the capital and financial account surplus was US$2,738.0 million. In 2004, foreign direct investment was US$9,659.4 million which resulted in a capital and financial account surplus of US$4,679.5 million. In 2005 and the first half of 2006 foreign direct investment was US$6,533.7 and US$5,195.8, respectively which resulted in a capital and financial account surplus of US$943.0 and US$5,756.9, respectively.

Critical Accounting Policies

The Bank's results of operations and financial condition presented in the consolidated financial statements, notes to the consolidated financial statements and selected financial and other information appearing elsewhere within this Prospectus are, to a large degree, dependent upon the Bank's accounting policies.

The Bank's significant accounting policies are described in Note 3 to the consolidated financial statements appended to the back of this Prospectus. The Bank has identified the following accounting policies that it believes are the most critical to an understanding of the results of operations and financial Condition of the Bank. These critical accounting policies require management's subjective and complex judgment about matters that are inherently uncertain. The impact and any associated risks related to the Bank's critical accounting policies on its business operations are discussed throughout this section where these policies affect the Bank's financial results as presented in this Prospectus.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The minority interest is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The equity attributable to equity holders of the parent and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Recognition and measurement of financial instruments

The Group recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument. Regular way purchase and sale of financial assets and liabilities are recognised using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments. Financial assets and liabilities are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Cash and cash equivalents—includes cash on hand, unrestricted balances on correspondent account and term deposit accounts with the NBK with original maturity of less than 90 days, and advances to banks in countries that are members of the OECD.

Precious metals—assets and liabilities denominated in precious metals are translated at the current rate computed based on the second fixing of the London Bullion Market rates using the KZT/USD exchange rate effective at the date. Changes in the bid prices are recorded in net gain/(loss) on operations with precious metals in other income/expense.

Loans and advances to banks—in the normal course of business, the Group maintains advances or deposits for various periods of time with other banks. Loans and advances to banks with a fixed maturity term are subsequently measured at amortised cost using the effective interest method. Those that do not have fixed maturities are carried at amortized cost based on expected maturities. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Financial assets at fair value through profit or loss represent derivative instruments or securities acquired principally for the purpose of selling them in the near future, or are a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit-taking securities that upon initial recognition are designated by the Bank at fair value through profit or loss or is a derivative. Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. Fair values of derivative financial instruments are determined with the use of interest rate model. The Bank uses quoted market prices to determine fair value for financial assets at fair value through profit or loss. Fair value adjustment on financial assets at fair value through profit or loss is recognised in the consolidated income statement for the period. The Group does not reclassify financial instruments in or out of this category while they are held.

The Group enters into derivative financial instruments to manage currency and liquidity risks. Derivative financial instruments are entered into by the Group principally for trading purposes and include forwards on foreign currency. No derivatives are used by the Group for hedging purposes.

Investments available-for-sale—these represent debt and equity investments that are intended to be held for an indefinite period of time. Such securities are initially recorded at fair value. Subsequently the securities are measured at fair value, with such re-measurement recognised directly in equity, plus accrued coupon income. The Group uses quoted market prices to determine the fair value for the Group's investments available-for-sale. If such quotes do not exist, management estimation is used. Interest earned on investments available-for-sale is reflected in the consolidated profit and loss account as interest income on investment securities. Dividends received are included in dividend income in the consolidated profit and loss account.

When there is objective evidence that such securities have been impaired, the cumulative loss previously recognised in equity is removed from equity and recognised in profit and loss for the period. Reversals of such impairment losses on debt instruments, which are objectively related to events occurring after the impairment, are recognised in profit and loss for the period. Reversals of such impairment losses on equity instruments are not recognised in profit and loss while gains from the sale of investments available-for-sale are recognised in profit and loss.

Investments held-to-maturity—these investments are debt securities with determinable or fixed payments. The Group has the positive intent and ability to hold them to maturity. Such securities are carried at amortised cost, less any allowance for impairment.

Allowance for impairment losses

The Group establishes an allowance for impairment losses on financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortised cost. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusted an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the risk assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk assets for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to profit in the consolidated profit and loss account and the total of the allowance for impairment losses is deducted in arriving at assets as shown in the consolidated balance sheet. Factors that the Group considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, national and local economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset or group of financial assets.

It should be understood that estimates of losses involve an exercise of judgment. While it is possible that in particular periods the Group may sustain losses, which are substantial relative to the allowance for impairment losses, it is the judgment of management that the allowance for impairment losses is adequate to absorb losses incurred on the risk assets.

Results of Operations for the nine months ended 30 September 2006 compared to the nine months ended 30 September 2005

Net Interest Income

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

	Nine months ended 30 September		Variation
	2006	2005	2006/2005
	(*KZT thousands, except percentages of total*)		(*per cent.*)
Interest income	33,500,000	17,216,823	94.6
Interest expense	(20,739,522)	(9,491,624)	118.5
Net interest income before provision for impairment losses on interest bearing assets	12,760,478	7,725,199	65.2
Provision for impairment losses on interest bearing assets	(5,066,561)	(3,726,321)	36.0
Net interest income	**7,693,917**	**3,998,878**	92.4

Interest Income

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

	Nine months ended 30 September		Variation
	2006	2005	2006/2005
	(*KZT thousands*)		(*per cent.*)
Interest on loans to customers	29,161,980	15,334,282	90.2
Interest on debt securities	2,500,616	1,489,751	67.9
Interest on loans and advances to banks	1,544,540	340,419	353.7
Interest on reverse repurchase agreements	292,864	52,371	459.2
Total interest income	**33,500,000**	**17,216,823**	94.6

Interest income increased by 94.6 per cent. or by KZT16,283.2 million, from KZT17,216.8 million for the nine months ended 30 September 2005, to KZT33,500 million for the nine months ended 30 September 2006. This increase was primarily due to increases in volume of net loans to customers.

The following sets out the average yield on the Bank's interest-bearing assets in the nine months ended 30 September 2006 and for the year ended 31 December 2005:

	Nine months ended 30 September 2006[(1)(2)]	**Year ended 31 December 2005[(2)]**
	(*per cent.*) (*unaudited*)	
KZT loans to customers	15.0	15.4
to corporates	13.6	13.9
to individuals	16.7	17.1
Foreign currency loans to customers	13.7	13.7
to corporates	13.1	13.1
to individuals	15.4	16.6
Total gross loans to customers	14.3	14.5
KZT loans to banks	7.0	2.8
Foreign currency loans to banks	5.9	4.2
Total gross loans to banks	6.0	3.9
KZT denominated trading securities	8.3	8.9
Foreign currency denominated securities	4.9	4.0
Total securities	5.9	4.3
Total average yield on interest-bearing assets	**11.9**	**11.8**

(1) Annualised
(2) Averages are based upon the average of the opening and closing balances for the period.

Notwithstanding the fact that interest income from loans to customers continued to comprise the largest share of interest income, its share decreased as a percentage of total interest income for the nine months ended 30 September 2006 to 87.1 per cent. compared to 89.1 per cent in the same period of 2005. This decrease resulted from the increases in interest income from debt securities, loans and advances to banks and reverse repurchase agreements. The growth in interest on loans to customers, was caused by a 60.9 per cent. (or KZT126.5 billion) increase in the average gross volume of loans to customers, to KZT334.3 billion in the first nine months of 2006 compared to KZT207.8 billion in the year ended 31 December 2005. Average interest rates on loans to customers marginally decreased from 14.5 per cent. to 14.3 per cent.

Interest income from loans and advances to banks increased to KZT1,544.5 million for the nine months ended 30 September 2006 due to a KZT7.2 billion increase in the average gross volume of loans and advances to banks and, following increases in LIBOR, to an increase in average interest rates on loans and advances to banks by 2.14 per cent. from the year ended 31 December 2005. The average volume of loans to banks was KZT51.8 billion for the nine months ended 30 September 2006 compared to KZT44.6 billion in the year ended 31 December 2005.

Interest income on debt securities increased from KZT1,489.8 million in the first nine months of 2005 to KZT2,500.6 million in the first nine months of 2006. This 67.8 per cent. increase reflected the 39.9 per cent. increase in the average volume of marketable securities held during the first nine months of 2006 compared with the year ended 31 December 2005 as the Bank invested its funds raised at the end of that year in marketable securities pending their use in funding customer loans during the first half of 2006. This increase occurred in conjunction with an increase in the average rate of interest earned on these securities from 4.3 per cent. in 2005 to 5.9 per cent. in the first three quarters of 2006, reflecting an increase in the Bank's holdings of lower-yielding foreign currency securities.

Interest Expense

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

	Nine months ended 30 September				Variation
	2006		2005		2006/2005
	(*KZT thousands, except percentages of total*)				(*per cent.*)
Interest on customer accounts	(8,131,046)	39.3	(4,883,252)	51.4	66.5
Interest on loans and advances from banks	(5,733,845)	27.6	(2,250,015)	23.7	154.8
Interest on debt securities issued and subordinated debt	(6,843,837)	33.0	(2,353,362)	24.8	190.8
Interest on repurchase agreements	(30,794)	0.1	(4,995)	0.1	516.5
Total interest expense	**(20,739,522)**	**100.0**	**(9,491,624)**	**100.0**	118.5

For the nine months ended 30 September 2006, interest expense increased by 118.5 per cent. or by KZT11,247.8 million, from KZT9,491.6 million for the nine months ended 30 September 2005 to KZT20,739.5 million. This increase resulted from an increase in the volume of deposits by customers and an increase in the volume of syndicated loans and debt securities and subordinated debt issued which together now account for a greater proportion of the Bank's interest expense and has resulted in significant a change in the composition of the Bank's overall interest expense. Interest rates on customer deposits as of 31 December 2005 was 7.9 per cent. and for the nine months ended 30 September 2006 was 7.7 per cent. As of 30 September 2006, the principal amount of subordinated debt increased to KZT30,786.8 million and interest on subordinated debt increased by 2.9 per cent.

The following table sets out the average cost of the Bank's interest-bearing liabilities for the nine months ended 30 September 2006 and 2005:

	Nine months ended 30 September 2006(1)(2)	Year ended 31 December 2005(2)
	(*per cent.*) (*unaudited*)	
Debt securities issued	9.0	8.5
KZT	9.8	9.0
Foreign currency	8.1	8.1
Customer accounts	8.6	8.4
KZT deposits	9.4	10.1
Time deposits (corporate)	6.6	6.2
Time deposits (retail)	10.8	11.4
Demand deposits (corporate)	0.7	4.8
Demand deposits (retail)	0.4	1.7
Foreign currency deposits	6.9	6.7
Time deposits (corporate)	6.6	6.2
Time deposits (retail)	7.0	7.3
Demand deposits (corporate)	0.4	1.3
Demand deposits (retail)	0.1	0.8
Short-term interbank loans	7.1	6.7
KZT	7.0	6.8
Foreign currency	9.4	4.7
Long-terms loans from banks	7.9	7.2
KZT	8.3	0.0
Foreign currency	7.2	7.2
Other borrowed funds	8.9	7.2
KZT	9.2	0
Foreign currency	8.9	7.2
Average cost of interest-bearing liabilities	8.0	7.3

(1) Annualised.

(2) Averages are based upon the average of the opening and closing balances for the period.

Interest expense on debt securities issued increased by 190.8 per cent. in the first nine months of 2006 compared with the same period in 2005 reflecting the funds raised internationally by the Bank during the first three quarters of 2006, namely (i) the issue of US$300,000,000 8.0 per cent. notes due 2011, issued on 2 February 2006, which are unconditionally and irrevocably guaranteed by the Bank, (ii) the issue of US$100,000,000 9.125 per cent. perpetual non-cumulative loan participation notes, issued on 3 March 2006, the payment obligations of which are supported by a subordinated loan between the Issuer and the Bank and (iii) the issue of KZT25,000,000,000 8.25 per cent. Notes due 30 September 2011, issued on 20 September 2006, which are unconditionally and irrevocably guaranteed by the Bank. As a result, the average volume of debt securities issued increased from KZT33.6 billion in 2005 to KZT100.7 billion for the first nine months of 2006. The average cost of debt securities issued increased from 8.5 per cent. for the year 2005, to 9.0 per cent. in the first nine months of 2006 reflecting the increased tenor of issued instruments and diversification of currencies.

Interest expense on customer accounts increased by 66.5 per cent. to KZT8,131.0 million in the first nine months of 2006 compared to KZT4,883 million for the nine months ended 30 September 2005. This increase was due to a 62.8 per cent. growth in the average volume of customer accounts from 31 December 2005 to 30 September 2006. The average volume of demand deposits was KZT47.2 billion for the nine months ended 30 September 2006 in comparison to KZT29.0 billion in 2005. The average volume of term deposits was KZT121.9 billion for the nine months ended 30 September 2006 in comparison to KZT85.5 billion in 2005. The average cost of customer deposits decreased overall because of the increased share of demand deposits.

Interest expense on loans and advances from banks increased by 154.8 per cent. to KZT5,734 million for the nine months ended 30 September 2006, from KZT2,250 million for the nine months ended 30 September 2005. This was due to a 72 per cent. increase (from the year ended 31 December 2005 to the nine months ended 30 September 2006) in the average volume of borrowing from banks and financial institutions and increases in average interest rates on inter-bank borrowings. The increase in the average volume of borrowings reflected the US$300 million syndicated loan borrowed in August 2006.

Interest Margin

The Bank's overall net interest margin (net interest income before provision for impairment losses on interest bearing assets as a percentage of average interest-bearing assets) decreased from 5.4 per cent. for the year ended 31 December 2005 to 4.5 per cent. for the nine months ended 30 September 2006. The decrease was primarily as a result of increased competition driving down interest rates paid by local borrowers, an increased cost of LIBOR-linked funding in the international markets and the increased reserve requirements for borrowings from non-residents and through the issuance of notes and subordinated debt instruments. However, the Bank believes that the decrease it experienced was smaller than the decrease experienced by other Kazakhstan banks based on their financial statements as provided to the Kazakhstan Stock Exchange, reflecting the Bank's strong position in the higher-margin retail and SME lending sectors. In addition, the reduction in the Bank's interest margin reflected the fact that the Bank was only gradually able to utilise the proceeds of the Bank's bond issues in the first quarter of 2006 and its US$300 million syndicated loan, entered into in August 2006.

Provisions for impairment losses

The following table sets out data on the Bank's provisions for impairment losses made in the nine months ended 30 September 2006 and 2005:

	Nine months ended 30 September		Variation
	2006	**2005**	**2006/2005**
	(*KZT thousands*)		(*per cent.*)
Provisions for impairment losses on interest bearing assets	5,066,561	3,726,321	36.0
Provisions for impairment losses on other transactions	724,692	80,728	797.7
Total provisions for impairment losses	5,791,253	3,807,049	52.1
Effective provisioning rate on loans to customers expressed as a percentage of gross loans	4.0	4.0	0.0
Total provisions for impairment losses/operating profit before provisions for impairment losses on other operations, expressed as a percentage	79.8	99.7	(20.0)

Provisions for impairment losses increased by 52.1 per cent. to KZT5,791.3 million in the nine months ended 30 September 2006 compared with KZT3,807 million in the nine months ended 30 September 2005. The growth in provisions for impairment losses on loans to customers of 36.0 per cent. was mainly attributable to an increase in the gross loan portfolio. However, despite the growth of gross loans to customers, the effective rate of provisions on customer loans fell from 4.2 per cent. as at 31 December 2005 to 4.0 per cent. as at 30 September 2006, the same level as that which prevailed a year earlier.

Non-Interest Income

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

	Nine months ended 30 September		Variation
	2006	**2005**	**2006/2005**
	(*KZT thousands*)		(*per cent.*)
Fee and commission income	4,923,794	3,803,765	29.4
Fee and commission expense	(524,966)	(403,991)	29.9
Net gain/(loss) on financial assets at fair value through profit or loss	586,334	(30,064)	2050.3
Net realised gain on investments available-for-sale	10,234	17,212	(40.5)
Net gain on foreign exchange operations	1,217,703	836,087	45.6
Other income	792,592	468,826	69.1
Total non-interest income	**7,005,691**	**4,691,835**	49.3

Total non-interest income increased by 49.3 per cent., or by KZT2,314 million, to KZT7,006 million in the nine months ended 30 September 2006 compared with the same period in 2005. This increase was mainly driven by increased financial assets at fair value through profit or loss and commissions, of which a major component constituted transfer operations, cash handling and granting of guarantees. Growth in fees and commissions was a result of an increase in the volume of cash withdrawals and granting of guarantees. The negative gain on investment securities was a result of a revaluation of those securities, the price of which has fallen as a result of a substantial change in the market price.

Fee and Commission Income

The following table sets out the principal components of the Bank's consolidated fee and commission income for the nine months ended 30 September 2006 and 2005:

	Nine months ended 30 September		Variation
	2006	2005	2006/2005
	(*KZT thousands*)		(*per cent.*)
Cash operations	1,085,863	824,386	31.7
Settlements	1,255,817	1,059,862	18.5
Documentary operations	1,088,710	813,378	33.9
Trust operations	300,516	328,491	(8.5)
Foreign exchange operations	533,117	179,557	196.9
Loans operations	8,863	68,733	(87.1)
Internet-banking operations	68,376	49,715	37.5
Safe operations	17,761	10,607	67.4
Other operations	564,771	469,036	24.7
Total fee and commission income	**4,923,794**	**3,803,765**	29.4

Fee and commission income increased by 29.4 per cent., or by KZT1,120.0 million, in the nine months ended 30 September 2006 compared to the nine months ended 30 September 2005. Increases in fee and commission income resulted from growing volumes of business and in particular from strong growth in foreign exchange operations which increased by 196.9 per cent., or by KZT353.6 million, in the nine months ended 30 September 2006 compared to the same period in 2005.

Fee and Commission Expense

The following table sets out the principal components of the Bank's consolidated fee and commission expense for the nine months ended 30 September 2006 and 2005:

	Nine months ended 30 September		Variation
	2006	2005	2006/2005
	(*KZT thousands*)		(*per cent.*)
Settlements	226,615	171,364	32.2
Brokerage services	174,019	100,816	72.6
Documentary operations	28,448	36,790	(22.7)
Foreign exchange operations	12,792	12,889	(0.8)
Cash operations	5,000	7,665	(34.8)
Other operations	78,092	74,467	4.9
Total fee and commission expense	**524,966**	**403,991**	29.9

Fee and commission expense increased by 29.9 per cent., or by KZT121.0 million, in the nine months ended 30 September 2006 compared to the same period in 2005. The increase was primarily attributable to a 32.2 per cent., or KZT55.3 million, increase in settlement fees and a 72.6 per cent., or KZT73.2 million, increase in brokerage services fees.

Operating Expenses

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

	Nine months ended 30 September		**Variation**
	2006	**2005**	**2006/2005**
	(*KZT thousands*)		(*per cent.*)
Salary and bonuses	2,680,694	1,744,493	53.7
Taxes, other than income tax	962,176	600,396	60.3
Other employees' benefits	363,044	228,331	59.0
Lease expenses	752,829	270,453	178.4
Depreciation and amortization of fixed and intangible assets	524,984	371,888	41.2
Social security costs	400,888	262,547	52.7
Administrative expenses	301,584	228,195	32.2
Advertising expenses	267,925	187,488	42.9
Insurance expenses	281,285	209,327	34.4
Communication expenses	222,814	159,184	40.0
Repairs and maintenance expense	111,780	109,774	1.8
Business trip expenses	114,087	91,861	24.2
Entertainment expenses	50,087	29,829	67.9
Presentation expense	42,483	38,486	10.4
Professional services fees	79,334	18,204	335.8
Sponsorship	15,363	27,344	(43.8)
Other	274,299	296,220	(7.4)
Total operating expenses	**7,445,656**	**4,874,020**	52.8

Operating expenses increased by 52.8 per cent. for the nine months ended 30 September 2006 as compared to the same period in 2005. This increase was primarily a result of increases in salary expenses, administrative costs, social security costs and tax expenses. As at 30 September 2006, the Bank employed 3,411 people, an increase of 20.5 per cent. from the number of employees totalling 2,830 as at 31 December 2005. The salaries of the employees increased as competition for skilled banking employees in Kazakhstan increased, thereby causing upward pressure on salaries throughout the sector.

In addition, administrative expenses, a large part of which comprised insurance, advertising, taxes and other administrative expenses increased in the nine months ended 30 September 2006 from the same period in 2005. The increase in insurance expenses was principally a result of the recognition of payments to the Deposit Insurance Fund as insurance expenses, which payments before May 2005 were recognised as other expenses.

The Bank's ratio of operating expenses to operating income before provisions for impairment losses decreased by 2.5 per cent. from 40.2 per cent. as at 31 December 2005 to 37.7 per cent. as at 30 September 2006. Its ratio of operating expenses to operating income after provisions for impairment losses also decreased by 6.6 per cent., from 57.3 per cent. for the year ended 31 December 2005 to 50.7 per cent. for the nine months ended 30 September 2006.

Operating expenses as a percentage of net interest income before provisions for impairment losses decreased by 4.7 per cent. from 63.1 per cent. for the nine months ended 30 September 2005 to 58.4 per cent. for the nine months ended 30 September 2006.

Taxation

The statutory corporate tax in Kazakhstan is 30 per cent**.** For the nine month period ended 30 September 2006, the effective tax expense incurred by the Bank was 14.1 per cent. of the relevant IFRS unaudited pre-tax income figure, compared to the effective tax expense of 5.6 per cent. incurred by the Bank for the nine month period ended 30 September 2005. The effective tax rate in the first nine months of 2006 and 2005 was substantially lower than the statutory tax rate mainly due to changes in the tax treatment of certain types of loans, including financial leases and long-term loans to companies to finance the modernisation of fixed assets, as well as residential mortgages and non-performing loans. Furthermore, the effective tax rate was substantially lower because of the Bank's increased holding of tax exempt government securities.

Results of Operations for the years ended 31 December 2005, 2004 and 2003

Net Interest Income

The following table sets out the principal components of the Bank's consolidated net interest income for each of the years ended 31 December 2005, 2004 and 2003:

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/2003
	(*KZT thousands*)			(*per cent.*)	
Interest income	25,834,410	12,396,971	6,962,144	108.4	78.1
Interest expense	(13,934,160)	(6,355,305)	(3,333,540)	119.3	90.6
Net interest income before provision for impairment losses on interest bearing assets	11,900,250	6,041,666	3,628,604	97.0	66.5
Provision for impairment losses on interest bearing assets	(5,396,226)	(2,418,052)	(1,434,198)	123.2	68.6
Net interest income	**6,504,024**	**3,623,614**	**2,194,406**	79.5	65.1

Interest Income

The following table sets out the principal components of the Bank's consolidated interest income for the years ended 31 December 2005, 2004 and 2003:

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/2003
	(*KZT thousands*)			(*per cent.*)	
Interest on loans to customers	23,193,507	10,897,119	6,229,448	112.8	74.9
Interest on debt securities	2,066,219	1,024,146	617,996	101.8	65.7
Interest on loans and advances to banks	512,842	390,352	82,054	31.4	375.7
Interest on reverse repurchase agreements	61,842	85,354	32,646	(27.5)	161.5
Total interest income	**25,834,410**	**12,396,971**	**6,962,144**	108.4	78.1

Interest income increased by 108.4 per cent., or by KZT13,437.4 million, from KZT12,396.9 million for the year ended 31 December 2004, to KZT25,834.4 million for the year ended 31 December 2005. This increase was primarily due to increased volume of loans extended to customers.

Interest income increased by 78.1 per cent. from KZT6,962.1 million for the year ended 31 December 2003 to KZT12,396.9 million for the year ended 31 December 2004 as a result of an increase in the volume of loans extended to customers and debt securities issued.

The following sets out the average yield on the Bank's interest-bearing assets for the years ended 31 December 2005, 2004 and 2003:

	Year ended 31 December		
	2005	2004	2003
		(*per cent.*)	
KZT loans to customers	15.4	15.8	15.9
to corporates	13.9	14.6	15.1
to individuals	17.1	17.6	18.3
Foreign currency loans to customers	13.7	14.4	15.0
to corporates	13.1	13.6	14.3
to individuals	16.6	17.7	17.9
Total gross loans to customers	14.5	14.7	15.5
KZT loans to banks	2.8	2.5	2.3
Foreign currency loans to banks	4.2	2.7	4.4
Total gross loans to banks	3.9	2.6	3.4
KZT denominated financial assets at fair value through profit or loss	8.9	8.5	-
Foreign currency denominated securities	4.0	7.2	6.9
Total securities	4.3	7.2	6.9
Total average yield on interest-bearing assets	**11.8**	**12.1**	**12.3**

Interest Expense

The following table sets out the principal components of the Bank's consolidated interest expense for the years ended 31 December 2005, 2004 and 2003.

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/2003
		(*KZT thousands*)		(*per cent.*)	
Interest on customer accounts	6,971,053	4,254,115	2,371,351	63.9	79.4
Interest on loans and advances from banks	3,658,762	1,465,663	604,602	149.6	142.4
Interest on subordinated debt	3,268,053	612,559	342,047	433.5	79.1
Interest on repurchase agreements	36,292	22,968	15,540	58.0	47.8
Total interest expense	**13,934,160**	**6,355,305**	**3,333,540**	119.3	90.6

For the year ended 31 December 2005, interest expense increased by 119.3 per cent. or by KZT7,578.9 million, from KZT6,355.3 million for the year ended 31 December 2004, to KZT13,934.2 million. The increase in interest expense was attributable to an increase in the total volume of customer accounts, steady growth in the volume of loans and advances from banks and interest payable on international and domestic bonds issued by the Bank in 2005.

Interest expense increased from KZT 3,333.5 million for the year ended 31 December 2003 to KZT 6,355.3 million for the year ended 31 December 2004, an increase of 90.6 per cent. The increase in interest expense from 2003 to 2004 was primarily a result of a 142.4 per cent., or KZT861.1 million, increase in interest on loans and advances from banks and a 79.4 per cent., or KZT1,882.7 million, in interest on customers accounts due to an increase in the total volume of customer deposits with the Bank.

The following table sets out the average cost of the Bank's interest-bearing liabilities for the years ended 31 December 2005, 2004 and 2003:

	Year ended 31 December		
	2005	2004	2003
		(*per cent.*)	
Debt securities issued	8.5	9.7	11.9
KZT	9.0	10.2	11.9
Foreign currency	8.1	7.0	12.0
Customer accounts	8.4	7.8	8.3
KZT deposits	10.1	9.8	10.6
Time deposits (corporate)	6.2	7.4	8.0
Time deposits (retail)	11.4	11.5	13.1
Demand deposits (corporate)	4.8	3.6	3.8
Demand deposits (retail)	1.7	1.7	5.0
Foreign currency deposits	6.7	6.1	6.4
Time deposits (corporate)	6.2	5.6	6.4
Time deposits (retail)	7.3	6.6	6.6
Demand deposits (corporate)	1.3	3.9	5.1
Demand deposits (retail)	0.8	0.9	2.5
Short-term interbank loans	6.7	6.0	4.9
KZT	6.8	6.0	1.0
Foreign currency	4.7	0	5.8
Long-terms loans from banks	7.2	9.3	6.6
KZT	0	12.2	11.2
Foreign currency	7.2	6.1	5.2
Other borrowed funds	7.2	6.9	6.1
KZT	0	0	0
Foreign currency	7.2	6.9	6.1
Average cost of interest-bearing liabilities	**7.3**	**7.5**	**7.4**

Interest Margin

The Bank's overall net interest margin decreased from 6.0 per cent. for the year ended 31 December 2004 to 5.4 per cent. for the year ended 31 December 2005. This decline was consistent with the decline in net interest margins at other Kazakhstan banks as competition increased and the banking system further matured. For the Bank this decline was primarily as a result of increased competition driving down interest rates paid by local borrowers and, in 2005, increased cost of funding in international markets linked to LIBOR.

Net interest margin decreased from 6.4 per cent. for the year ended 31 December 2003 to 6.0 per cent. for the year ended 31 December 2004. This decrease was attributable to a general trend of decreasing overall margins applicable to the local market in 2004 which continued into 2005 and 2006.

The following table sets out the effective average annual interest rates by major currencies for the principal interest-bearing assets and liabilities of the Bank as at 31 December 2005, 2004 and 2003. The analysis has been prepared using period-end effective contractual rates.

	As at 31 December 2005				As at 31 December 2004				As at 31 December 2003			
	KZT	US$	Euro	Other	KZT	US$	Euro	Other	KZT	US$	Euro	Other
						(*per cent.*)						
Assets												
Loans and advances to banks	2.3	3.3	1.2	7.2	5.9	2.3	2.3	2	5.5	2.5	-	2.5
Financial assets at fair value through profit or loss	8.9	4.0	2.3	-	5.7	5.6	-	-	5.5	4.5	-	-
Loans to customers	15.4	13.8	10.9	-	15.18	14.5	9.8	-	16.0	15.2	13.2	-
Investment securities:												
available-for-sale	5.6	11.0	-	-	4.5	4.9	-	-	5.5	4.5	-	-
held-to-maturity	8	-	-	-	9.8	-	-	-	-	-	-	-
Liabilities												
Loans and advances from banks	4.3	3.6	4.0	6.8	6.0	4.9	3.9	-	-	-	-	-
Customer accounts	9.2	7.6	6.8	-	10.3	6.6	7.1	-	10.0	6.2	6.0	-
Debt securities issued	7.8	8	-	-	8.75	-	-	-	-	-	-	-
Subordinated debt	9.6	11.0	-	-	10.9	9.11	-	-	12.0	-	-	-

Allowance for Impairment Losses

The allowance for impairment losses was KZT4,082.7 million for the year ended 31 December 2004 and KZT9,033.4 million for the year ended 31 December 2005. As a percentage of total loans to customers, the allowance for impairment losses was 4.3 per cent. as at 31 December 2004 and 4.2 per cent. as at 31 December 2005. The higher charge for 2005 as compared to 2004 was the result of the increase in the size of the Bank's consumer and SME loan portfolios during 2005.

The following table presents data on the Bank's provisions for impairment losses made in the years ended 31 December 2005, 2004 and 2003:

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/2003
		(*KZT thousands*)		(*per cent.*)	
Provisions for impairment loss on interest bearing assets	5,396,226	2,418,052	1,434,198	123.2	68.6
Provisions for impairment losses on other transactions	52,571	118,662	5,143	(55.7)	2,207.3
Total provisions for impairment losses	**5,448,797**	**2,536,714**	**1,439,341**	**114.8**	**76.2**
Effective provisioning rate on loans to customers	4.2	4.3	4.2		
Total provisions for impairment losses/operating profit before provisions for impairment losses on other operations	100.9	89.4	104.4	14.2	(14.4)

Non-Interest Income

The following table sets out the principal components of the Bank's consolidated non-interest income for the years ended December 2005, 2004 and 2003:

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/2003
		(*KZT thousands*)		(*per cent.*)	
Net (loss)/gain on financial assets at fair value through profit and loss	(20,963)	92,756	111,886	(122.6)	(17.1)
Net gain on foreign exchange operations	1,115,378	783,277	452,529	42.4	73.1
Fees and commission income	5,129,225	3,327,522	2,209,659	54.1	50.6
Fees and commission expense	(527,445)	(339,886)	(207,398)	55.2	63.9
Net realised (loss)/gain on investment available-for-sale	(5,060)	28,079	(16,034)	(118.0)	275.1
Other income	456,439	287,138	173,359	59.0	65.6
Total non-interest income	**6,147,574**	**4,178,886**	**2,724,001**	47.1	53.4

Total non-interest income increased by 47.1 per cent. or by KZT1,968.7 million, to KZT6,147.6 million for the year ended 31 December 2005 from KZT4,178.9 million for the year ended 31 December 2004. This increase primarily reflects significant growth in fee and commission income as a result of an increase in the volume of cash withdrawals and settlement transactions by the Bank's clients. In addition, foreign exchange operations experienced an increase in gain as the Bank purchased US dollars for its own account and sold them on domestic markets at a profit. The negative gain on financial assets at fair value through profit and loss was a result of a revaluation of those securities, indexed to US dollar LIBOR, the price of which has fallen as a result of a substantial increase in LIBOR.

Non-interest income increased by 53.4 per cent. or by KZT1,454.9 million from KZT2,724.0 million for the year ended 31 December 2003 compared to 2004 as a result of significant growth in fee and commission income as a result of an increase of 35.1 per cent. in the volume of cash withdrawals and 56.1 per cent. in settlement transactions by the Bank's clients. In addition, foreign exchange operations experienced an increase as the Bank purchased US dollars for its own account and sold them on domestic markets at a profit.

Fees and Commission Income

The following table sets out the principal components of the Bank's consolidated fees and commission income for the years ended 31 December 2005, 2004 and 2003:

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/203
	(*KZT thousands*)			(*per cent.*)	
Cash operations	1,526,992	1,101,622	815,637	38.6	35.1
Settlements	1,461,652	1,063,609	681,450	37.4	56.1
Documentary operations	964,028	383,319	336,897	151.5	13.8
Trust operations	434,727	281,371	38,514	54.5	630.6
Foreign exchange operations	257,599	197,046	171,309	30.7	15.0
Loans operations	78,244	161,810	40,892	(51.6)	295.7
Internet-banking operations	71,627	29,678	15,876	141.3	86.9
Safe operations	14,925	13,830	38,601	7.9	(64.2)
Other operations	319,431	95,237	70,483	235.4	35.1
Total fees and commission income	**5,129,225**	**3,327,522**	**2,209,659**	54.1	50.6

For the year ended 31 December 2005, total fees and commission income increased by 54.1 per cent. or by KZT1,801.7 million, as compared to the year ended 31 December 2004. This increase was primarily due to increased levels of cash, documentary and internet-banking operations as well as settlements.

Fees and commission income increased by 50.6 per cent. or by KZT 1,117.9 million for the year ended 31 December 2004 compared to the year ended 31 December 2003. This increase was primarily attributable to a general increase in the volumes of customers' cash and settlements business.

Fees and Commission Expense

The following table sets out the principal components of the Bank's consolidated fees and commission expense for the years ended December 2005, 2004 and 2003:

	Year ended 31 December			Variation	
	2005	2004	2003	2005/2004	2004/2003
	(*KZT thousands*)			(*per cent.*)	
Settlements	261,531	183,518	100,492	42.5	82.6
Brokerage services	125,039	44,667	20,233	179.9	120.8
Documentary operations	49,801	36,817	7,821	35.3	370.7
Foreign exchange operations	19,768	25,847	11,576	(23.5)	123.3
Cash operations	9,865	4,789	30,061	106.0	(84.1)
Other operations	61,441	44,248	37,215	38.9	18.9
Total fees and commission expense	**527,445**	**339,886**	**207,398**	55.2	63.9

For the year ended 31 December 2005, total fees and commission expense increased by 55.2 per cent. or by KZT187.6 million to KZT527.4 million, as compared to KZT339.9 million for the year ended 31 December 2004. This increase was largely due to expenses related in increased levels of settlement, brokerage services and documentary operations.

Fees and commission expense increased by 63.9 per cent. or by KZT 132.5 million from KZT 207.4 million for the year ended 31 December 2003 compared to 2004 as a result of growing volumes of customers' settlements, brokerage and documentary business.

Operating Expenses

Operating expenses increased by 46.1 per cent. or KZT2,289.4 million in 2005 as compared to 2004 which in turn was an increase of KZT1,423.7 million as compared to 2003. Operating expenses represented 57.3 per cent. of operating income after provisions for impairment losses as at 31 December 2005 compared to 63.6 per cent. as at 31 December 2004 and 72.0 per cent. as at 31 December 2003. This was due primarily to increases in salary and bonus expenses, other employees' benefits and taxes, other than income tax.

The major component of the Bank's operating expenses was salaries and bonuses, which accounted for 33.2 per cent. of the total operating expenses in the year ended 31 December 2005, 35.1 per cent. for the year ended 31 December 2004 and 32.8 per cent. for the year ended 31 December 2003. The rise in salaries resulted from a 34.4 per cent. increase from 2004 to 2005 and 20.6 per cent. increase from 2003 to 2004 in the number of staff employed by the Bank (1,746 employees as at 31 December 2003, 2,106 employees as at 31 December 2004 and 2,830 employees as at 31 December 2005) as well as general upward pressure on the salaries of all banking employees in Kazakhstan due to stiff competition for skilled labour.

Other employees' benefits increased by 23.9 per cent. to KZT610.3 million in the year ended 31 December 2005 as compared to KZT492.6 million for the year ended 31 December 2004 which in turn was an increase of 179.1 per cent. from KZT176.5 million in 2003, which reflects the Bank's strategy to attract, retain and motivate skilled labour by providing additional fringe benefits.

Taxes, other than income tax, increased by 150.7 per cent. to KZT796.6 million for the year ended 31 December 2005 as compared to KZT317.7 million in the year ended 31 December 2004 which in turn was an increase of 60.7 per cent. from 197.7 million for the year ended 31 December 2003. The increase in 2005 and 2004 is attributable to higher social security costs and VAT which reflected an increase in salary expenses and level of operations, respectively. The increase in 2004 was a result of higher social security costs and VAT which reflected an increase in salary expenses and level of business activity, respectively.

Advertising expenses increased by KZT29.1 million (9.6 per cent.) in 2005 as compared to 2004 which in turn was an increase of 4.5 per cent. or KZT 290.5 million from the year ended 31 December 2003. This increase is due to the Bank's aggressive advertising campaign to promote its banking products. Social security costs also increased in the year ended 31 December 2005 compared to the year ended 31 December 2004 (46.7 per cent.) which in turn was an increase of 4.2 per cent. as compared to the year ended 31 December 2003. The increase in social security costs is as a result of an increased in salary expenses.

Operating expenses as a percentage of average assets decreased in the year ended 31 December 2005 to 3 per cent. as compared to 4.3 per cent. in 2004 and 5.3 per cent. in 2003. The decrease in 2005 was as a result of a 122.5 per cent. increase in assets compared to a 46.1 per cent. increase in operating expenses. The decrease in operating expenses from 2003 to 2004 was primarily attributable to an 81.1 per cent. increase in assets compared to a 40.2 per cent. increase in operating expenses. The Bank's ratio of operating expenses to operating income before provisions for impairment losses decreased by 8.4 per cent. for the year ended 31 December 2004 to 40.2 per cent. for the year ended 31 December 2005. The ratio of operating expenses to operating income before provisions for impairment losses decreased to 48.6 per cent. for the year ended 31 December 2004 from 55.7 per cent. in 2003. Its ratio of operating expenses to operating income after provisions for impairment losses decreased by 6.2 per cent., from 63.6 per cent. for the year ended 31 December 2004 to 57.3 per cent., for the year ended 31 December 2005. For the year ended 31 December 2004, the ratio of operating expenses to operating income after provisions for impairment losses decreased from 72.0 per cent. in 2003.

Operating expenses as a percentage of net interest income before provisions for impairment losses decreased by 21.3 per cent. from the year ended 31 December 2004 to the year ended 31 December 2005 (60.9 per cent.) as a result of substantially higher growth rate of interest income over operating expenses as part of cost reducing and profit enhancing strategies pursued by the Bank's management. Operating expenses as a percentage of net interest income before provisions for impairment losses decreased by 15.4 per cent. from the year ended 31 December 2003 to 82.2 per cent. for the year ended 31 December 2004 primarily due to the rapid growth of the banking sector and the Kazakhstan economy in general and a significant increase in volumes of loans to customers in 2004 compared to 2003, which was reflected in faster growth in interest income than in operating expenses.

Taxation

The Bank's income tax expense was KZT582.5 million for the year ended 31 December 2005, KZT284.6 million for the year ended 31 December 2004 and KZT 121.1 million for the year ended 31 December 2003. The Bank's effective rates were 10.9 per cent., 10.5 per cent. and 8.8 per cent. for the years ended 31 December 2005, 2004 and 2003, respectively, as a result of the changes to applicable tax laws relating to the tax treatment of certain types of loans.

Financial Condition as at 30 September 2006 and as at 31 December 2005, 2004 and 2003

Total assets

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

	As at 30 September	As at 31 December		
	2006	2005	2004	2003
	(*KZT thousands*)		(*KZT thousands*)	
Assets:				
Cash and balances with the National Bank of the Republic of Kazakhstan	43,555,373	16,601,006	8,738,081	5,647,741
Loans and advances to banks	51,828,477	44,588,666	17,588,421	9,562,235
Financial assets at fair value through profit or loss	13,720,849	34,084,775	2,911,382	1,412,897
Loans to customers, less allowance for impairment losses	334,318,717	207,810,358	91,312,441	52,068,761
Investments available-for-sale	22,267,089	17,719,809	21,478,739	8,999,865
Investments held-to-maturity	36,571,698	62,460	54,973	-
Fixed and intangible assets, less accumulated depreciation and amortisation	7,678,954	6,105,415	3,887,790	2,688,497
Income tax assets	390,850	241,837	119,675	29,061
Other assets less allowance for impairment losses	4,198,504	3,016,702	2,115,168	1,423,846
Total assets	**514,530,511**	**330,231,028**	**148,206,670**	**81,832,903**

As at 30 September 2006, the Bank's total assets amounted to KZT514,531 million, an increase of 55.8 per cent., on total assets at 31 December 2005. During 2005, the Bank's total assets increased by KZT182,024.4 million, or 122.8 per cent., from KZT148,206.7 million at the end of 2004 to KZT330,231.0 million at the end of 2005. The growth for the first nine months in 2006 was primarily attributable to the 60.9 per cent. increase in the Bank's net loan portfolio. The growth in 2005 was primarily attributable to a 127.6 per cent. increase in the Bank's net loan portfolio. The Bank's total assets increased by 81.1 per cent. or KZT66,373.8 million from 31 December 2003 to 31 December 2004. This increase was largely due to a 75.4 per cent. increase in the Bank's loan portfolio.

As at 30 September 2006, the Bank's cash and balances with the NBK had increased to KZT43,555.4 million, from KZT16,601 million as at 31 December 2005, an increase of 162.4 per cent. Cash and balances with the NBK increased by KZT7,862.9 million, or 90.0 per cent., from the end of 2004 to the end of 2005 and by KZT3,090.3 million, or 54.7 per cent. from the end of 2003 to the end of 2004. These increases were primarily as a result of increased reserve requirements recently introduced by the NBK. See "*The Banking Sector in Kazakhstan — Banking — Banking Reform and Supervision*".

As at 30 September 2006, loans and advances to banks totalled KZT51,828.5 million, an increase of 16.2 per cent. as compared to 31 December 2005. From 2004 to 2005, loans and advances to banks increased by KZT27,000.2 million, or by 153.5 per cent. Loans and advances to banks increased by 83.9 per cent. or KZT8,026.2 million as at 31 December 2004 compared to as at 31 December 2003.

As at 30 September 2006, the Bank held KZT13,720.8 million of financial assets at fair value through profit or loss compared to KZT34,084.8 million of securities held at 31 December 2005, a decrease of

59.7 per cent. which reflects a significant decrease in the volume of US Treasury Bonds held by the Bank for liquidity purposes and the relatively low yield on financial assets.

As at 30 September 2006, the total amount of outstanding net loans to customers, was KZT334,318.7 million, an increase of 60.9 per cent., as compared to 31 December 2005. The total amount of outstanding loans, net of provisions for impairment losses was KZT207,810.4 million at the end of 2005, KZT91,312.4 million at the end of 2004, and KZT52,068.8 million at the end of 2003.

As at 30 September 2006, investments available-for-sale totalled KZT22,267.1 million, an increase of 25.7 per cent. over the figure at 31 December 2005. This increase was a result of the Bank's investment of its deposits into highly liquid securities including securities issued by the Government, the NBK and other entities. From 31 December 2004 to 31 December 2005, investments available-for-sale decreased from KZT21,478.7 million to KZT17,719.8 million. From 31 December 2003, investments available-for-sale increased by 138.7 per cent. from KZT8,999.9 million.

As at 30 September 2006, investments held-to-maturity totalled KZT36,571.7 million, an increase of 58,452 per cent. from 31 December 2005. This increase reflects the Bank's decision to broaden its securities portfolio and diversify its risk profile. This increase is as a result of the decrease in US Treasury Bonds held by the Bank which were, in large part, replaced by other investments, primarily notes issued by Government, the NBK and other entities.

As at 30 September 2006, fixed and intangible assets, less accumulated depreciation and amortization of the Bank, had increased from KZT6,105.4 million as at 31 December 2005 to KZT7,679 million. In 2005, purchases by the Bank of 21 additional new ATMs, and other telecommunications, building, construction in progress, furniture and equipment resulted in an increase in the Bank's fixed assets of KZT2,217.6 million, or 57 per cent., over the prior year end. The Bank's fixed assets increased by KZT1,199.3 million or 44.6 per cent. as at 31 December 2004 as compared to 31 December 2003, as a result of continuing construction in progress and the purchase of additional furniture and equipment.

As at 30 September 2006, the Bank's average assets totalled KZT422.4 billion, an increase of 76.6 per cent., as compared to 31 December 2005. From 2004 to 2005, the Bank's average assets increased by KZT124.2 billion, or 107.8 per cent., from KZT115.0 billion to KZT239.2 billion. The increase as at 30 September 2006 was due to the 81.1 per cent. growth in the average loan portfolio, net of provisions for impairment losses, or by KZT121.4 billion. From 2003 to 2004, the Bank's average assets increased by KZT48,676.7 million as a result of the increase in its average loan portfolio by 64.5 per cent.

Total Liabilities

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

	As at 30 September	As at 31 December		
	2006	2005	2004	2003
	(*KZT thousands*) (*unaudited*)		(*KZT thousands*)	
Liabilities:				
Loans and advances from banks	143,132,433	115,647,982	34,841,460	21,980,979
Customer accounts	202,705,624	140,401,275	91,690,719	47,928,734
Debt securities issued	100,727,005	33,590,145	1,510,157	-
Deferred income tax liabilities	-	-	-	62,403
Other liabilities	1,988,566	801,926	413,619	213,166
Subtotal	448,553,628	290,441,328	128,455,955	70,185,282
Subordinated debt	30,786,787	13,578,243	7,475,295	4,160,537
Total liabilities	**479,340,415**	**304,019,571**	**135,931,250**	**74,345,819**

As at 30 September 2006, the Bank's total liabilities were KZT479,340.4 million, an increase of 57.7 per cent. as compared to 31 December 2005. During 2005, the Bank's liabilities increased by 123.7 per cent., to KZT304,019.6 million from KZT135,931.3 million at the end of 2004. The increases in 2006 and 2005 primarily resulted from an increase in customer accounts and deposits from banks, as well as debt securities issued. As at 31 December 2004, the Bank's total liabilities increased by 82.8 per cent. or KZT61,585.4 million compared to as at 31 December 2003. The increase was primarily attributable to increases in customer accounts, loans and advances from banks and debt securities issued.

As at 30 September 2006, customer accounts totalled KZT202,705.6 million, an increase of 44.4 per cent., as compared to 31 December 2005 in this sector. In 2005, customer accounts increased by KZT48,710.6 million as at 31 December 2005, or by 53.1 per cent., compared to 31 December 2004. As at the end of 2005, customer accounts aggregated KZT140,401.3 million, as compared to KZT91,690.7 million as at the end of 2004. Customer accounts increased from KZT47,928.7 million as at 31 December 2003 to KZT91,690.7 million as at 31 December 2004.

As at 30 September 2006, loans and advances from banks and other financial institutions (including syndicated loans) amounted to KZT143,132.4 million, an increase of 23.8 per cent., as compared to 31 December 2005. Deposits received from banks increased by 231.9 per cent., from KZT34,841.5 million at the end of 2004 to KZT115,648 million at the end of 2005. The significant growth in 2005 and the first nine months of 2005 were a result of the increase in credit lines available to, and utilised by, the Bank during these periods.

No securities in were sold under repurchase agreements as at 30 September 2006 and as at 31 December 2005.

The average liabilities of the Bank during the first nine months of 2006 amounted to KZT391.7 billion, an increase of 78 per cent. on the average for 2005. This was primarily due to increases in deposits from customers and debt securities issued. In 2005, the Bank's average liabilities increased to KZT220 billion (representing growth in comparison with 2004 of KZT114.9 billion, or 109.3 per cent.). In 2004, the Bank's average liabilities increased by KZT44.6 billion or 73.7 per cent. In 2005, the Bank's average interest-bearing liabilities increased by 125.3 per cent. compared to 2004, primarily as a result of an increase in average time and demand deposits. Average interest-bearing liabilities increased by KZT39,518.5 million as at 31 December 2004 from KZT44,798 million as at 31 December 2003. As at 30 September 2006, average time deposits and demand deposits were KZT121.9 billion and KZT47.2 billion respectively, an increase of 42.6 per cent., and 82.2 per cent., respectively, as compared to 31 December 2005. During 2005, average time deposits and demand deposits increased by 71.1 per cent. and 51.3 per cent., respectively. During 2004, average time deposits and demand deposits increased by 88.5 per cent. and 31.2 per cent., respectively.

Equity and Capital Adequacy Ratios

As at 30 September 2006, the Bank's equity had increased by 34.3 per cent., to KZT35,190.1 million, as compared to the 31 December 2005 figures. As at 31 December 2005, the Bank's equity had increased 113.5 per cent., to KZT26,211.5 million, as compared to KZT12,275.4 million as at 31 December 2004 which was an increase from KZT7,487.1 million as at 31 December 2003. The increases in share capital in 2004, 2005 and 2006 were a result of additional issuances by the Bank of ordinary shares to its existing shareholders.

As at 30 September 2006, the Bank's total capital, calculated in accordance with the Basel Accord, was KZT63,820 million, including Tier I capital of KZT34,844 million, an increase of 63.7 per cent., on the 31 December 2005 figure. As at 31 December 2005, the Bank's total capital, calculated in accordance with the Basel Accord, was KZT38,996 million including Tier I capital of KZT25,570 million. As at 31 December 2005, the Bank's Tier I capital adequacy ratio and total capital adequacy ratio, were 10.7 per cent., and 16.32 per cent., respectively.

The following table gives certain information regarding the Bank's Tier I and Tier II capital and its risk weighted capital adequacy ratio, based on IFRS as at 30 September 2006 and 31 December 2005, 2004 and 2003, and calculated in accordance with the Basel Accord:

	As at 30 September	As at 31 December		
	2006	2005	2004	2003
	(KZT millions, except for percentages)			
Tier I capital	34,844	25,570	11,998	6,832
Tier II capital	28,976	13,426	7,688	4,071
Tier I and Tier II capital (total capital)	63,820	38,996	19,686	10,903
Total risk weighted assets	387,026	238,910	112,944	68,910
Risk weighted capital adequacy ratio (per cent.)	16.49	16.32	17.43	15.82

Using ratios calculated in accordance with the Basel Accord, the Bank had a Tier I capital ratio of 10.7 per cent. as at 31 December 2005, compared to a ratio of 10.63 per cent. as at 31 December 2004 and a ratio of 9.91 per cent. as at 31 December 2003. The Bank had a risk weighted capital adequacy ratio (comprising total capital divided by total risk weighted assets) of 16.32 per cent. as at 31 December 2005, compared to 17.43 per cent. as at 31 December 2004 and 15.82 per cent. as at 31 December 2003.

The following table sets out certain ratios calculated in accordance with the requirements of the FMSA, based on financial statements prepared according to Kazakhstan Accounting Standards, as at 30 September 2006 and 31 December 2005, 2004 and 2003 regarding capital adequacy, foreign exchange positions, maximum exposures and certain other matters:

	FMSA's minimum requirements	As at 30 September	As at 31 December		
		2006	2005	2004	2003
		(per cent., unless otherwise noted)			
Share capital	Not less than KZT 1.5 billion[(1)]	KZT20,043 million	KZT16,400 million	KZT7,467 million	KZT5,168 million
K1 – Tier 1 capital to total assets	Not less than 6 per cent.	7.0	6.2	6.3	7.0
K2 – own capital to total risk weighted assets	Not less than 12 per cent.	15.0	14.0	14.0	15.0
K4 – current liquidity ratio	Greater than 30 per cent.	180.5	146.0	109.0	80.0
K5 – short-term liquidity ratio	Greater than 50 per cent.	157.5	144.0	124.0	83.0
K6 – investments to fixed assets and non-financial assets to equity as a percentage of own capital[(3)]	Not greater than 50 per cent.	15.0	20.0	24.0	20.0
Reserve requirements as a percentage of average customer account balances plus qualified international borrowings[(5)]	Not less than 6 per cent.	-	15.5	22.7	21.2
Funds placement into internal assets ratio	Not less than 100 per cent.	118.9	-	-	-
Maximum aggregate net open foreign currency position[(2)] as a percentage of own capital[(3)]	25 per cent.	1.3	(2.1)	(7.6)	2.3
Maximum currency position in US dollars[(3)] as a percentage of own capital	12.5 per cent.	1.2	(2.3)	(7.8)	1.7
Maximum currency position in Russian roubles[(4)] as a percentage of own capital	5 per cent.	0.1	0.2	0.2	0.6
Maximum aggregate credit exposure to related parties (including on-balance and off-balance sheet exposures) as a percentage of own capital	100 per cent.	17.0	12.1	8.4	4.9
Maximum exposure as a percentage of own capital to any single borrower					
— related parties	10 per cent.	3.5	4.9	5.1	2.0
— other borrowers	25 per cent.	9.9	14.0	16.6	21.2
— on unsecured loans	10 per cent.	1.1	0.1	0.0	1.0

Notes:
(1) For newly established banks.
(2) Net currency position.
(3) Open currency position (short or long) in currencies of countries rated A or higher and the euro.

(4) Currency position in currencies of countries rated from B but lower than A.
(5) With effect from July 2006, the requirement for deposit with the NBK of a minimum monthly average of six per cent. of average customer account balances plus qualified international borrowings has been changed to six per cent. of all domestic liabilities and eight per cent. of all non-domestic liabilities and notes and subordinated debt instruments (regardless of residence of the creditor). As a result, the banks are required to maintain a balance with the NBK of not less than an amount equal to 100 per cent. of the sum of six per cent. of domestic liabilities and eight per cent. of non-domestic liabilities.

For purposes of the above ratios:

- 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 only be formed with cash contributions. The sources of contributions to share capital are subject to certain limitations and specific disclosure requirements.

- The FMSA'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 portion 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 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 I 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. Since November 2005, for a bank with a banking holding company (that is, an entity holding more than 25.0 per cent. of its voting share capital, alone or together with affiliated companies) among its shareholders, K1 must be not less than 5.0 per cent. and for other banks it must not be less than 6.0 per cent., as before, and K2 must be not less than 10.0 per cent. and for other banks it must be not less than 12.0 per cent., as before. In addition, starting from 1 January 2006, assets weighted by credit, market and operational risk (as opposed to only credit risk) have to be taken into account when calculating the K2 ratio.

- The current liquidity ratio is the ratio of monthly average highly liquid assets to monthly average demand liabilities. For this purpose, "highly liquid assets" include cash, refined precious metals, certain securities issued by the Government, the NBK or certain other Kazakhstan entities, call deposits with the NBK and with banks with an appropriate credit rating, overnight loans to such banks and securities issued by foreign governments with an appropriate credit rating. Demand liabilities include call deposits, interbank overnight deposits and other specified short-term or undated liabilities.

- The short-term liquidity ratio is calculated as the ratio of average monthly assets with a maturity of not more than three months, including highly liquid assets, to average monthly liabilities with a term of not more than three months, including demand liabilities. A bank may include within its assets for this purpose certain securities issued by the Government or the NBK that are not included in the calculation of highly liquid assets if liabilities secured by those securities are included in the calculation of liabilities for this purpose.

- For purposes of calculating the current or short-term liquidity ratio, capital regulations provide that certain assets should not be included in the computation, including claims on non-residents established in jurisdictions that have not assumed information exchange obligations, and if a bank has outstanding unpaid obligations to its creditors or depositors or has violated Kazakhstan's legislation on payments and money transfers during the relevant reporting period, the liquidity ratios shall be deemed to be not satisfied, irrespective of the actual position.

- As from June 2006, the FMSA has introduced three new limits in relation to currency liquidity. The current currency liquidity limit (to be greater than 0.9) is calculated as foreign currency-denominated high liquidity assets averaged monthly divided by paid-on-demand liabilities in the same currency averaged monthly. The short-term currency liquidity limit is calculated similarly to the current currency liquidity limit by taking assets/liabilities with maturities less than three months; this ratio should be greater than 0.8. Similarly, the medium-term currency liquidity limit is calculated by taking assets/liabilities with maturities less than one year; this ratio should be greater than 0.6. Limits are calculated for each foreign currency where liabilities denominated in such currency exceed one per cent. of the monthly averaged liabilities of a bank.

- As from June 2006, the FMSA's limit on maximum aggregate credit exposure to related parties (including on-balance and off-balance sheet exposures) of 100 per cent. of own capital has been replaced with the requirement that the sum of exposures to one borrower where each exposure exceeds 10 per cent. of own capital should not exceed eight times the bank's own capital.

Foreign Currency Regulation

Regulation and monitoring of the net foreign currency positions of banks is carried out by the FMSA. According to current FMSA regulations, the ratio of a bank's net open foreign currency position relative to its own capital must not exceed 25.0 per cent. and the net open foreign currency position for any currency of a country rated "A" or higher or the euro must not exceed 12.5 per cent. of its own capital. The open long and short positions for any currency of a country rated lower than "A" are limited to 5.0 per cent. of its own capital. In addition, the Bank has its own internal policy to limit any long aggregate foreign exchange position to no more than 100 per cent. of the Bank's equity.

DESCRIPTION OF THE BANK

Overview

The Bank is the sixth largest commercial bank in Kazakhstan in terms of assets and fourth largest in terms of customer accounts, which as at 30 September 2006 equalled KZT514,530.5 million and KZT202,705.6 million, respectively. The Bank's primary business consists of corporate and retail banking. Its corporate banking activities include a broad range of wholesale banking products to a diversified group of domestic customers, primarily small- and medium-sized companies. The Banks retail banking activities and products include retail lending and deposit taking and credit and debit cards. The Bank is also an active participant in the fixed income securities market and foreign currency markets in Kazakhstan.

The Bank's objectives, as set out in Clause 1.5 of the Bank's Charter, are to promote the development of the state economy and to ensure the receipt of dividends by the Bank's shareholders, through a variety of banking operations in compliance with the laws of Kazakhstan.

As at 30 September 2006, the Bank, in addition to its head office in Almaty, had 19 full service branches and 120 limited service branches, or retail settlement units, throughout Kazakhstan and a network of 109 ATMs in principal cities in Kazakhstan.

On 25 May 2004, the Bank was re-registered as Joint Stock Company Bank CenterCredit, under the new Joint Stock Company Law to engage in various activities in the banking sector in accordance with the laws of the Republic of Kazakhstan. The Bank's current banking licence was re-issued by the NBK on 24 January 2006 and its registration certificate, issued by the Ministry of Justice, is numbered 3890-1900-AO. The registered office of the Bank is at 100 Shevchenko Street, Almaty 050022, Kazakhstan. The head office of the Bank is at 98 Panfilov Street, Almaty 050000, Kazakhstan and its telephone number is +7 3272 588 955.

History

The Bank was originally registered with the state bank of the former USSR on 20 September 1988 as Almaty Oblast Central Cooperative Bank CenterBank, a credit institution for cooperative societies and small- and medium- sized companies. In August 1991, the Bank was re-registered as Kazakhstan Central Joint Stock Bank CenterBank, the first private commercial bank in Kazakhstan, and in November 1996, it was re-registered as OJSC Bank CenterCredit. The Bank is incorporated for an unlimited duration.

In 1998, the Bank merged with the then state-owned bank CJSC Zhilstroibank. CJSC Zhilstroibank was initially established in November 1996 as State Owned Housing Bank for the purpose of providing individuals with affordable long-term mortgage loans. In 1997, CJSC Zhilstroibank merged with another state-owned bank, OJSC Kazakhstan Joint Stock Commercial Bank On Crediting Social Development ("KredSotsBank") established in 1990 for the purpose of financing the development and stabilisation of the economy of the former Kazakhstan Soviet Socialist Republic. Following the merger with KredSotsBank, the Government initiated a financial restructuring which included the transfer of approximately KZT1.298 million of non-performing loans to the Rehabilitation Bank. The transfer did not include certain Dollar-linked mortgages which, at the time of transfer, were not in default. See "*—Loan Portfolio*". Following this restructuring, CJSC Zhilstroibank was privatised in December 1997. Pursuant to the terms of the privatisation, the shareholders of OJSC Bank CenterCredit (the successful bidder) and the Government received shares in the newly merged entity, the Bank, in proportion to their respective holdings based upon the value of the shares in each bank as at 31 December 1997. As a result, the Government became a major shareholder in the Bank holding approximately 21 per cent. of its issued common shares. In 2001, the Bank repurchased the Government's shareholding and such shares were reissued to other investors.

The common shares of the Bank are currently listed on the "A" list of the Kazakhstan Stock Exchange and, as at 15 January 2007, the Bank had over 700 shareholders with the largest single shareholder controlling 28.73 per cent. of the Bank's issued share capital. See "*Management and Share Ownership—Principal Shareholders*".

Competition

As at 31 December 2006, there were 33 banks, excluding the NBK and the DBK, operating in Kazakhstan, of which 14 were banks with foreign participation, including subsidiaries of foreign banks. As at 31 December 2002, there were 38 banks operating in Kazakhstan, excluding the NBK and the DBK. The Bank believes that the decline in the number of banks in Kazakhstan from 31 December 2002 to 31 December 2006 is primarily attributable to stricter regulatory requirements as to capital adequacy, provisioning, maximum exposures, accounting and information disclosure. See "*The Banking Sector in Kazakhstan*".

The commercial banks in Kazakhstan can be divided into four groups: large domestic banks, such as Kazkommertsbank, Bank TuranAlem and Halyk Savings Bank; medium-sized domestic banks, such as ATF Bank, the Bank and Alliance Bank; subsidiaries of foreign banks, such as ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC; and other smaller banks.

The Bank currently does not compete with the leading Kazakhstan banks for large corporate clients. However, as the fourth largest bank in Kazakhstan in terms of retail deposits (KZT95,578 million as at 30 September 2006), the Bank does compete with the leading banks for retail customers. In addition, the Bank competes with other market participants (including the leading Kazakhstan banks) for small- and medium-sized corporate clients.

The following table compares certain financial information (prepared in accordance with Kazakhstan accounting practices and the regulations of the NBK) relating to the Bank, certain other domestic banks and banks with foreign participation:

	As at 30 September 2006	
	Assets	**Equity**
	(*KZT millions*)	
Large Local Banks		
Bank TuranAlem	1,443,957	125,682
Kazkommertsbank	1,377,518	102,676
Halyk Savings Bank Kazakhstan	797,803	81,050
Medium-Sized Domestic Banks		
ATF Bank	589,669	50,146
Alliance Bank	671,882	44,542
Bank CenterCredit	514,531	35,190
Banks under Foreign Ownership		
ABN AMRO Bank Kazakhstan	109,933	9,416
Citibank Kazakhstan	73,545	6,584

Source: Published financial statements.

The Bank believes that its professional management, transparent and consistent business practices and strong nationwide branch network position it favourably in the Kazakhstan market to compete for small- and medium-sized corporate clients and retail customers.

In 2001, the Government, a number of local oblasts and the executive bodies of major cities founded DBK. The purpose of DBK is to provide medium- and long-term financing (in amounts of at least US$5 million) for large industrial projects, export financing and guarantees for such investment projects and to act as principal paying and collection agent for the Government. DBK is not permitted to lend to financial institutions or take deposits and, as such, is not considered a competitor of the commercial banks in Kazakhstan, including the Bank. DBK has a special status and is regulated by the FMSA only in relation to accounting matters and money transfers. DBK is not treated as a commercial bank for purposes of market share data and ranking in this Prospectus.

For further information, see "*The Banking Sector in Kazakhstan*".

Strategy

The Bank expects that the steady growth of the Kazakhstan economy and development of the private sector will result in continued strong demand for financial service products among retail clients, SMEs and corporate companies. The Bank intends to increase its total assets and consolidate its position in key market segments, focusing primarily on SME and retail businesses, while ensuring prudent discipline in risk and expense management, with the goal to remain one of the most profitable banks in Kazakhstan. In order to implement its strategy, the Bank intends to focus on the following:

- Expand its banking and capital market activities;
- Strengthen its funding base and capital base;
- Enhance its risk management infrastructure and policies;
- Enhance operating efficiency;
- Establish strategic partnerships with international financial institutions; and
- Increase its geographic presence.

Expansion of banking and capital market activities

Although the retail banking market has expanded rapidly in recent years in Kazakhstan, it still represents only a small percentage of the Kazakhstan economy. In order to attract and retain retail customers, the Bank plans to use its branch network to cross-sell to its target retail customers (i.e., those with annual incomes of US$6,000 to US$20,000) a traditional range of retail products, such as term deposits and consumer loans, as well as other more sophisticated financial products and services, such as insurance, money transfer, internet and mobile banking, mortgage lending, asset management, pension products and credit and debit cards, some of which are provided by the Bank's subsidiaries.

The Bank installed 21 additional ATMs during the first nine months of 2006 and intends to install 100 additional ATMs during 2007 in order to enable its customers to have easier access to their accounts and is in the process of developing an internal processing centre in order to provide internet banking and an improved range of services to its retail customers. During the first nine months of 2006, the Bank opened six retail settlement units and intends to open 30 to 50 retail settlement units over the next few years in regions which the Bank believes have a high growth potential to better service its customers and exploit the opportunity to cross-sell insurance, pension and other products. The Bank intends to increase its market share in the credit/debit card segment of the retail banking sector, which is currently 4.0 per cent. (having issued approximately 230,243 cards as at 30 September 2006), to 10 per cent. in 2007 (with an estimated 500,000 cards).

The Bank is also committed to developing its corporate banking services. The Bank plans to focus on diversifying its loan portfolio, while maintaining its quality, by attracting new small- and medium-sized corporate clients, extending trade financing to major customers for their import and export activities, increasing medium term project financing volumes and introducing and expanding new services to existing and new customers, such as access to private pension programmes, leasing, money transfer, liquidity and asset management, structured finance, certain derivative services, financial consulting and e-banking. In particular, the Bank aims to achieve a market share of 15 per cent. by the year 2008 in each of the leasing, insurance and pension sectors. The Bank also plans to develop special loan programmes and introduce sector specialisation for SMEs and large corporate clients.

The Bank plans to introduce Customer Service Centres and a network of multifunctional ATMs, to develop a tailored service approach with different marketing strategies designated for each segment and to improve quality of services through upgrades of management information systems.

Kazakhstan's capital markets continue to develop as the economy grows. The Bank's wholly-owned broker-dealer subsidiary, JSC BCC Invest (known before 26 June 2006 as JSC KIB Asset Management), had a market share as of 30 September 2006 of 5 per cent. of the aggregate volume of corporate securities traded on the Kazakhstan Stock Exchange. The Bank intends to further develop JSC BCC Invest's security trading activities and financial advisory capabilities, as well as underwriting and lead arranging local equities and bonds issuances services.

Strengthening and diversifying capital and funding base

The Bank intends to improve its funding base by increasing its market share of domestic retail deposits through its extensive branch network, medium and long-term borrowings in the domestic and international markets, including subordinated and senior debt and share issues as well as asset securitisation programmes, and lower-cost borrowing from international development organisations and other international financial institutions. In doing so, the Bank will seek to diversify its funding sources, lower its overall funding costs and increase the maturity profile of its debt portfolio to support its anticipated asset growth.

Domestic deposits are an important and attractive source of funding for the Bank. The Bank believes that as the banking sector in Kazakhstan strengthens, retail deposits, which to date have remained limited, will gradually increase. The Bank's marketing strategy is to ensure that it effectively utilises its branch network and experience in the retail banking market to capture such anticipated capital flows. As at 30 September 2006, the Bank was the fourth largest bank in Kazakhstan in terms of deposits and, as a result, the Bank believes that it is well placed to obtain a significant share of any increase in domestic deposits.

Between September 2002 and September 2006, the Bank entered into numerous loan facilities and financings with several international financial institutions and the European Bank for Reconstruction and Development (the "EBRD") extended several credit lines to the Bank during this time.

As at 30 September 2006, the Bank's authorised share capital equalled KZT20,043 million, all of which is issued and fully paid. Since 2000, the Bank has implemented a number of projects to increase its funding base, such as the issuance of US$4.5 million in subordinated debt due in December 2005. Between 2002 and 2006, the Bank issued an additional KZT16.5 billion in seven separate subordinated debt issuances with terms ranging from seven to nine years. The Bank's risk weighted capital adequacy ratio equalled 16.5 per cent. as at 30 September 2006. In March 2006 the Bank announced an additional issue of 100 million common shares, which it expects to place in 2006 and 2007. The Bank has improved its capital base during the first nine months of 2006 by increasing its authorised and issued share capital base to over KZT20 billion and by issuing additional subordinated debt of KZT4 billion. The Bank intends to further improve its capital base by increasing its authorised and issued share capital base by an additional issue of 400 million common shares and by issuing additional subordinated debt of KZT4.6 billion during 2006. The Bank is also contemplating a listing on an international stock exchange, as well as an international primary and/or secondary offering of its shares during the course of 2006. No assurance can be given that such plans will be fulfilled.

Enhancing risk management infrastructure and policies

The Bank has established internal rules, policies and guidelines for risk management in line with the requirements of the NBK and FMSA. The Bank's primary committees responsible for risk management are the Credit Committee of the Head Office, responsible for credit risks related to retail and corporate clients, and the Asset and Liability Committee (the "ALCO"), responsible for market risk and credit risk of financial institutions. The Treasury Department, which reports monthly to the ALCO, is involved in management of liquidity, interest rates and foreign exchange risks. The Bank's risk management function has improved in recent years following the introduction of a number of operational changes implemented with the assistance of Raiffeisen Zentralbank Osterreich ("RZB") and Bank of Ireland. The Bank is committed to continuing the development of its risk management capability, including the introduction of more sophisticated analyses, such as value-at-risk analysis, and entering into derivative financial instruments to manage interest rate, currency and liquidity risks, including forwards, swaps, foreign currency options, and other derivatives, in addition to gap analysis currently used by the Bank. See "—*Asset and Liability Management*".

Enhancing operating efficiency

The Bank believes that it can improve its operational efficiencies through the rationalisation of its organisational structure, investment in human resources and by increasing its use of, and upgrading of its technology. Following the merger with CJSC Zhilstroibank in 1998, the Bank implemented a "one branch per city" strategy and reduced the number of regional branches in areas of low business concentration. As at 30 September 2006, the Bank had 19 full service branches throughout Kazakhstan, a reduction from 46 in 1998. Management believes that the Bank's full service branch network covers all the principal cities and regions in Kazakhstan and does not intend to reduce its branch network further. The Bank may open additional full service branches in the future in cities or regions which the Bank determines are likely to yield larger sources of deposits and fee income derived from the sale of retail and corporate-based products.

In 1998, the Bank started to introduce a centralised, integrated banking information system of western standards, which connects the head office and branches, to service its corporate and retail banking operations. The Bank believes that its full introduction of the system by the end of 2006 will significantly improve the scope and efficiency of its information system with respect to risk management in treasury operations, assets and liabilities management and the management of loan transactions and liquidity, as well as financial reporting in accordance with IFRS.

The Bank intends to continue to introduce up-to-date banking technologies in the future, including a customer relationship management system, a Call Centre System, an Oracle-based system to redesign and automate business processes and internet banking systems. The Bank's software system has a separate power source and is equipped with emergency backup and data protection facilities. All data are copied onto a back-up server on a daily basis. The Bank is currently studying ways to automate its risk management systems and provide realtime monitoring of its risk exposures. Over the next few years the Bank expects to implement automated risk management software systems as its business expands.

The Bank implemented an organisational restructuring programme at its head office and throughout its branch network in early 2005 to ensure efficient human resources allocation in view of the Bank's rapid growth in recent years, together with the introduction of internal and external training programmes to improve the skill base and cross-selling ability of its employees. The Bank believes that such programmes, together with efficient staffing guidelines and human resources policies, will help to improve the quality and motivation of the Bank's personnel and help to develop a strong corporate culture.

Since 2003, the Bank has been developing and enhancing an employee training and incentive system which includes an individual and collective bonus scheme, other benefits and changes to the methodology used in setting salaries and other remuneration levels.

Furthermore, as part of its cost reduction efforts, the Bank is aiming to introduce a profit and cost center approach and a division responsible for tracking and controlling the profitability of each client segment, business line, product and profit center. Under the profit centre approach, each business unit of the Bank will be responsible for its own revenues and costs and will have its own profit targets, in order to help management of the Bank run its operations more efficiently.

Increase geographic presence

The Bank seeks to increase its geographic presence, principally by expanding into other CIS countries, while maintaining its current position as the sixth largest commercial bank in Kazakhstan in terms of assets. The Bank has a representative office in Moscow. The Bank believes that expansion into other countries within the region will enable it to better serve clients active in those countries and to attract Russian-based SMEs, a segment which the Bank believes is currently underserved.

Business

The Bank's branch network as at 30 September 2006 comprised, in addition to the head office in Almaty, 19 full service branches and 120 limited service branches, or retail settlement units, throughout Kazakhstan, supported by 109 ATMs. In addition, in common with other retail banks in Kazakhstan, customers of the Bank can use the ATM networks of other Kazakhstan banks for a small fee per withdrawal. As a result, customers of the Bank have access to a large network of ATMs throughout Kazakhstan. The Bank is currently authorised to offer products and services such as retail and corporate deposit taking, discount operations, settlements, issuance of payment cards, foreign currency exchange, issuance of bank guarantees, correspondent banking, cash and transfer operations, lending, trust operations, settlement operations, transactions in precious metals, leasing, factoring, forfeiting, broking-dealing, clearing operations and custody.

In May 2001, the Bank became a participating member of the VISA system, in 2002 was made an associate member of Visa International, and in 2005 the Bank became a principal member of VISA. As at 30 September 2006, 230,243 payment cards had been issued and this amount is expected to reach 250,000 by the end of 2006. Payment cards are issued predominantly to individuals whose employers have instituted payroll programmes whereby salaries are paid electronically by the employer to its employees' bank accounts at a specific, agreed-upon bank. Such agreements are negotiated between the Bank and the employer.

The Bank is the primary agent in Kazakhstan for Western Union. This service is utilised mainly by retail customers. For the nine months ended 30 September 2006, transfers from Western Union amounted to US$72.2 million, compared to US$70.6 million for the same period in 2005. During the first nine months of 2006, the average single transfer was US$700, while the maximum single transfer did not exceed US$7300.

In addition, the Bank has begun to offer limited tele-banking and internet banking to its corporate customers. At present, current Internet banking services include access to account information, payment transfers and currency exchange operations. Tele-banking services are limited to obtaining account balance information. In the medium term, the Bank anticipates that it will significantly expand its internet and tele-banking services to its retail customers. However, the Bank does not anticipate that initially there will be significant demand for these services, in particular for internet banking services, as personal computers are expensive in Kazakhstan and are not widely available.

As at 30 September 2006, total deposits of the Bank had reached approximately KZT202.7 billion, deposited in more than 350,000 accounts. The Bank estimates that its share of the retail and corporate deposit market, including SMEs, in Kazakhstan was approximately 11.25 and 6.8 per cent. respectively as at 30 September 2006, compared to 10.5 and 7.8 per cent. respectively as at 30 September 2005.

The Bank has the following five principal front-office business departments that provide the following services:

- *Corporate Business*, providing corporate and banking services;
- *International*, responsible for raising capital from foreign markets;
- *Treasury*, providing capital markets services, pension funds and asset management:
- *Business Development*, providing mortgage lending and retail banking services; and
- *SME Lending*, focusing on lending to small- and medium-sized enterprises.

The Bank also has four back-office departments that provide support services to its front-office business departments. These are as follows:

- *Credit risk*, which assists the branches by analysing the credit risks of potential borrowers and monitoring the loan portfolio of the Bank;
- *Administrative*, which is responsible for human resource management and information protection;
- *Financial*, which monitors the finances of the Bank; and
- *Analysis and Risk Management*, which is responsible for analysis and management of the Bank's market and operational risks.

Corporate Banking and Focus on SMEs

The Bank provides commercial banking products and services, focusing primarily on small, medium and, to a limited extent, large businesses in Kazakhstan. The Bank currently segments its corporate clients based on their annual revenues. Corporate clients with annual sales of US$700,000 or less are classified as "small-sized", corporate clients with annual sales of between US$700,000 and US$7 million are classified as "medium-sized", corporate clients with annual sales of between US$7 million and US$70 million are classified as "large-sized" and corporate clients with annual sales in excess of US$70 million are classified as "largest-companies". The Bank's number of corporate accounts is growing. As at 30 September 2006, the Bank had approximately 1,500 corporate customers, of which 109 were categorised "large" and "largest" and the remaining were SMEs. As at 30 September 2006, lending to "large" and "largest" corporate clients represented approximately 13.6 per cent. of the Bank's total assets (20.0 per cent. of the Bank's total gross loan portfolio) and lending to small- and medium-sized corporate clients accounted for 30.6 per cent. of the Bank's total assets (45 per cent. of the Bank's gross loan portfolio).

The Bank has traditionally been known for the high quality of services that it provides to SMEs and the Bank intends to continue to provide such services and increase its share of the SME banking market, which is currently 11.8 per cent. of loans, to 15 per cent. of loans. The Bank believes that growth in the SME market will be achieved both by attracting the business of SMEs who currently do not use a bank and by convincing SMEs who are currently customers of the Bank's competitors to switch their business to the Bank. The Bank is aggressively pursuing these customers and believes it can differentiate itself through quality of service.

The Bank participates in a number of special programmes for the financing of small- and medium-sized enterprises and enterprises in targeted industries, arranged and sponsored by the NBK, the Ministry of Finance and several local (regional) executive bodies as well as international financial institutions such as EBRD, IFC, DEG and Nederlandse Financierings Maatschappj voor Ontwikkelingsclanden N.V. ("FMO"). Loans provided by such institutions to the Bank as at 30 September 2006 amounted to US$33.3 million from EBRD, US$12.8 million from DEG, US$2.9 million from FMO, US$10 million from IFC. See "*—Funding and Liquidity*".

As part of its short- to medium-term strategy, the Bank plans to expand its corporate client base and increase the quality of its loan portfolio. In order to achieve this, the Bank established its Corporate and International Business Department in October 2002 to better service its corporate clients.

A major part of the Bank's corporate banking activities is the provision of trade finance and short-term credit facilities, mostly in Tenge and in US dollars, including letters of credit, guarantees and working capital facilities. The majority of the Bank's corporate loans have maturities of less than 12 months. As demand for longer-term facilities grows, the Bank tries to link underlying funding sources to longer-term financing when available.

As at 30 September 2006, the Bank's share of the corporate lending market in Kazakhstan was approximately 8.5 per cent., compared to 6.8 per cent. as at the same date in 2005.

The Bank is also expanding into additional corporate services such as payroll management, payroll services supported by debit cards and foreign exchange.

Retail banking

In 2001, the retail banking market in Kazakhstan experienced considerable expansion following the introduction of the Deposit Insurance Fund. In addition, between June and July of 2001, to repatriate funds back to Kazakhstan the Government announced a tax amnesty in relation to any deposits placed with banks during that period. The programme brought approximately US$480 million into the banking system.

The retail banking market is an increasingly important source of funding and business for the Bank. The Bank believes that its branch network will allow it to take advantage of its retail customer and depositor base. As at 30 September 2006, the Bank held approximately 43.4 per cent. of retail term deposits through approximately 83,600 individual accounts (36.4 per cent. through approximately 66,000 individual accounts as at 30 September 2005).

The Bank offers a wide range of retail banking products and services, including term deposits, current accounts, debit and credit cards, currency exchange and ATM services. During 2002, 2003, 2004 and 2005, the Bank increased its share of the retail banking market by increasing the number of its ATMs in areas where it believed the potential for retail banking business growth was high, particularly in eastern Kazakhstan and in the Caspian Sea regions in the western part of Kazakhstan.

The Bank believes that the debit and credit card business will be one of the most significant growth areas in the retail banking market in the next few years. During the first nine months of 2006, the Bank started using its own card processing centre.

As at 30 September 2006, the Bank had issued approximately 230,243 payment cards (representing a market share in Kazakhstan of 4.0 per cent.), of which approximately 4,119 are credit cards, representing an increase of 574.2 per cent. in the total number of cards issued by the Bank since 31 December 2003 and a 55.6 per cent. increase since 30 September 2005, when the Bank had issued approximately 147,934 payment cards (representing a market share in Kazakhstan of approximately 3.3 per cent.). While the majority of these cards relate to payroll services provided to the employees of the Bank's corporate customers, the Bank believes that the payment card market in Kazakhstan will continue to grow.

The Bank is also active in the retail lending market. The Bank had a market share of 10.4 per cent., as at 30 September 2005, and 10.6 per cent. as at 30 September 2006, of the Kazakhstan retail lending market (including mortgages). Loans aggregating KZT120,649.6 million were provided to 63,125 individuals as at 30 September 2006, compared to loans aggregating KZT52,593.7 million provided to 42,763 individuals as at 30 September 2005. The Bank participates in a programme established by the NBK in 2000 for long-term financing of house construction and development of a mortgage finance system in Kazakhstan. Under this programme, participating banks extend mortgage loans to retail customers and then transfer such loans to the Kazakhstan Mortgage Company, a wholly-owned subsidiary of the NBK, which finances the purchase through the issuance of domestic bonds. The Bank, however, maintains an ongoing economic interest in these loans throughout their duration and, although these loans are not reflected on the Bank's balance sheet once they have been transferred to the Kazakhstan Mortgage Company (approximately one month after the loan is granted), the Bank bears the credit risk. By the end of 2005, the Bank had lent approximately KZT12.5 billion under this programme, and, as at 30 September 2006, had an ongoing economic interest in loans with an aggregate value of KZT11.6 billion. In 2005, the Bank also inherited a number of mortgage loans from CJSC Zhilstroibank following its merger, for which the borrowers receive payment subsidies from the Government. See "*Loan Portfolio—Loan portfolio structure by sector*".

Capital Markets

Kazakhstan's capital markets are gradually developing as the economy grows. An important factor in this development was the establishment in 1998 of domestic private pension funds and asset management companies. As at 30 September 2006, JSC BCC Invest, a wholly-owned subsidiary of the Bank, had an approximate five per cent. market share of the corporate securities trading value on the Kazakhstan Stock Exchange, which recognised it as the sixth most active broker trading non-government securities.

JSC BCC Invest's primary activities include: purchase and sale of Government and corporate securities on the Kazakhstan Stock Exchange and over-the-counter markets in Kazakhstan; nominal holding; underwriting; management of clients' investment portfolios; and corporate finance; international borrowings; direct investments; and arranging initial public offerings for its customers. It also provides certain services, such as the appraisal of collateral, to the Bank. In 2003, JSC BCC Invest acted as the financial advisor and sole underwriter of second and third issues (KZT3 billion and KZT5 billion, respectively) of local mortgage bonds issued by the Kazakhstan Mortgage Company. In addition, JSC BCC Invest acted as the financial advisor and market maker in the stock issuance of Charaltyn gold mining company and lead-zinc company Kazzinc. In 2003, JSC BCC Invest won a tender to become the exclusive adviser of the Committee on State Property and Privatisation under the Ministry of Finance of the Republic of Kazakhstan with respect to the sale of the government's minority shareholding in JSC CNPC Aktobemunaigas, a joint venture between a Chinese organisation and a Kazakhstan oil and gas production company. JSC BCC Invest undertook the underwriting of bonds of the Kazakhstan Mortgage Company and since 2002 have underwritten over KZT14.5 billion of bonds of the Kazakhstan Mortgage Company. JSC BCC Invest acted as an authorised broker in the sale of 10 per cent. of the Government's shareholding in the Ustkamenogorskiy Titanium-Magnesium Industrial Complex in 2004 and in the sale of 5 per cent. of the Government's shareholding in the Kazzinc Company in 2005.

Over the past 18 months, BCC Invest acted as the financial advisor and underwriter of domestically placed bond issuances by JSC "Aktobemunay-finance", the grain company JSC "Kazexportastyk" and the food company JSC "VITA". In 2005, it acted as a financial consultant in relation to project financing of Otau-Cinema and arranged financing for the construction of storage facilities for Capital Partners. JSC BCC Invest is also the asset manager for a number of mutual funds including Orient Investments.

Trading partners of JSC BCC Invest include such major domestic financial institutions as Bank TuranAlem, Halyk Savings Bank, Kazkommertsbank, ATF Bank and ABN AMRO Bank Kazakhstan as well as major international banks including ING Bank, Deutsche Bank and Standard Bank London.

Pension Fund Services

The provision of pension fund services is a growing business in Kazakhstan. There are currently 14 pension funds, including four pension funds licensed for independent management of pension funds in Kazakhstan. The Bank is committed to becoming a leading provider of pension fund services by collecting pension contributions, effecting pension payments, managing pension assets and developing pension programmes for its customers. As at 30 September 2006, the Bank held an equity interest in three pension funds: JSC Atameken Pension Fund, JSC Korgau Pension Fund and JSC Capital Pension Fund. See "—*Subsidiaries and Affiliates*".

Treasury Services

Through its Treasury Department, the Bank trades government and corporate securities and foreign currencies for its own account. The Treasury Department operates within a set of parameters and standards determined by the ALCO and Analysis and Risk Management Department. In addition, the Treasury Department offers custodial management services to two pension funds, JSC Otan Pension Fund and JSC Korgau Pension Fund and eight investment funds, and provides safe-keeping services for pensioners of those funds. It invests the pension funds based on instructions received from the managing companies of the pensions.

International Banking

Although the Bank does not have any operating subsidiaries or affiliates outside of Kazakhstan, the Bank provides services for customers engaged in international trading. The Bank maintains correspondent banking relationships with many international leading banks, including ING Bank, Deutsche Bank, Dresdner Bank, Commerzbank, ABN AMRO Bank, Credit Suisse, The Bank of New York, RZB, HypoVereinsbank, Citigroup, Bank of Tokyo-Mitsubishi, RaboBank, Bank Austria Creditanstalt, Bankgesellshaft Berlin, Swedbank, American Express and others, as well as being Western Union's primary agent in Kazakhstan.

Branch Operations

The Bank has 19 full service branches and 120 limited service branches, or retail settlement units, throughout Kazakhstan. The operations of each branch are subject to internal regulations and to oversight by the head office. Each full service branch provides a broad range of banking services, although discount operations, trust operations, clearing operations, mortgage operations, issuance of payment cards, guarantee operations, issuance of securities, factoring and forfeiting operations and transactions with precious metals are conducted out of only the head office. In comparison with branches, settlement units perform a limited number of banking operations such as utility payments, cash withdrawals and money transfers and, as such, are primarily for individual customers.

The Bank's Credit Committee of the Head Office is responsible for developing branch policies and expansion strategies. Based on the financial results and operations of each branch, this Credit Committee also determines the aggregate amount that each branch is entitled to lend to its customers. These limits range from US$300,000 to US$2,000,000 Retail settlement units do not extend loans. See "*—Lending Policies and Procedures—General*".

Technology

The Bank operates an integrated banking system which allows on-line interactive communication between the Bank's head office and its branches through a real-time wide area network. The Bank considers the upgrading of its information technology systems an important aspect of the Bank's further development and has invested approximately US$5.4 million in its computer and communication technology during the first nine months of 2006, and plans to make additional investments during the remainder of 2006 of approximately US$3.2 million.

Subsidiaries and Affiliates

The Bank has four subsidiaries, LLP CenterLeasing, JSC BCC Invest, Center Credit International B.V. and JSC Capital Pension Fund, and three non-consolidated affiliates, JSC Atameken Pension Fund (formerly Narodny Pension Fund), JSC Korgau Pension Fund, and JSC Oil Insurance Company. The Bank has also made investments in JSC First Credit Bureau and the Association of Financiers of Kazakhstan. These subsidiaries, affiliates and the entities are strategically important to the Bank, given the Bank's intention to cross-sell its financial products.

Subsidiaries

The following table sets out details of the Bank's shareholding in its subsidiaries as at 30 September 2006:

Name	Country of operation	The Bank's ownership interest 30 September 2006	The Bank's ownership interest 31 December 2005	Type of operation
JSC Capital Pension Fund	Republic of Kazakhstan	88 per cent.	85 per cent.	Pension Fund
LLP Center Leasing	Republic of Kazakhstan	51 per cent.	51 per cent.	Finance lease of property
JSC BCC Invest	Republic of Kazakhstan	100 per cent.	100 per cent.	Securities trading
CenterCredit International B.V.	Netherlands	100 per cent.	-	Finance Subsidiary

JSC Capital Pension Fund

JSC Capital Pension Fund was established on 15 October 2001 as a closed joint stock company and is based in Almaty and has an authorised and issued share capital of KZT500 million. JSC Capital Pension Fund was established to attract pension contributions and effect pension payments as a private pension fund. For the nine months ended 30 September 2006, it had a 2.0 per cent. share of the pensions market in Kazakhstan with total pension assets of KZT16,155 million. Its registered office is located at 143a Tole Bi Street, Almaty 050026, Kazakhstan. It has never paid dividends and its shares are fully paid.

LLP CenterLeasing

LLP CenterLeasing was established in 2002 as a limited liability partnership and is based in Almaty. LLP CenterLeasing provides leasing services to its clients. LLP CenterLeasing has been consolidated with the Bank since its incorporation and, as at 30 September 2006, had an authorised and issued share capital of KZT50 million. For the nine months ended 30 September 2006, its profits totalled KZT48 million and for the year ended 31 December 2005, it had net income of KZT61.5 million. Its reserves as at 30 September 2006 were KZT126 million. The registered office of LLP CenterLeasing is located at 98 Panfilov Street, Almaty 050000, Kazakhstan. It has never paid any dividends and its shares are fully paid.

JSC BCC Invest

JSC BCC Invest, which changed its name from JSC KIB Asset Management on 26 June 2006, was established in 1998 and is based in Almaty. JSC BCC Invest is engaged in investment banking operations. For the nine months ended 30 September 2006, profits of JSC BCC Invest totalled KZT227.5 million compared to a profit of KZT50.9 million for the year ended 31 December 2005, and a profit of KZT41.9 million for the year ended 31 December 2004 and a profit of KZT43.0 million for the year ended 31 December 2003. See "—*Business—Capital Markets*". JSC BCC Invest has been consolidated with the Bank since its incorporation and, as at 30 September 2006, had an authorised and issued share capital of KZT275.0 million. As at 30 September 2006, it had reserves (representing the sum of capital reserves, fixed assets revaluation fund and retained income) of KZT371.1 million. The registered office of JSC BCC Invest is located at 597 Seifullina Street, Almaty 050022, Kazakhstan. It has never paid any dividends and its shares are fully paid.

CenterCredit International B.V.

CenterCredit International B.V. is the Bank's wholly-owned finance subsidiary which was incorporated in The Netherlands on 4 January 2006. See "*The Issuer*".

Affiliates

JSC Atameken Pension Fund

JSC Atameken Pension Fund was established in 1998 in Almaty as a Narodny Pension Fund, and was renamed in 2005. JSC Atameken Pension Fund was established to attract pension contributions and effect pension payments as a private pension fund. As at 30 September 2006, it had a 2.5 per cent. share of the pensions market in Kazakhstan, with total pension assets of KZT20,865.4 million. The registered office is located at 71 Torekulov Street, Almaty 050004, Kazakhstan.

JSC Korgau Pension Fund

JSC Korgau Pension Fund was established on 7 July 1998 as a joint stock company and is based in Almaty. JSC Korgau Pension Fund was established to attract pension contributions and effect pension payments as a private pension fund. For the nine months ended 30 September 2006, it had a 1.4 per cent. share of the pensions market in Kazakhstan with total pension assets of KZT11,930.6 million. The registered office is located at 7 Mustasa Oz Turk Street, Almaty 050057, Kazakhstan.

JSC Oil Insurance Company

JSC Oil Insurance Company was established on 10 April 1996 as an open joint stock company, is based in Almaty and has an authorised and issued share capital of KZT755.6 million. JSC Oil Insurance Company provides a range of property and casualty insurance products, including all forms of insurance which is compulsory for owners of cars, employers or persons in specified businesses (such as auditors, notaries or travel agents) to hold. It is the fourth largest insurance company in the country in terms of car and other compulsory insurance and for the nine months ended 30 September 2006, had an 8.9 and 7.4 per cent. share of the market in Kazakhstan for these products.

JSC First Credit Bureau

JSC First Credit Bureau was founded in 2004 by a group of large Kazakh Banks for the purpose of establishing the credit histories of Kazakhstan borrowers and in order to provide a high level of reporting to creditors. The authorised and issued share capital of the Bureau is KZT202,500 thousand.

Legal Persons Union—"Association of Financiers of Kazakhstan"

This organisation was established in July 1999 as a fulfilment of the resolution of the Congress of Kazakhstan Financiers. It has an authorised and issued share capital of KZT4,050 thousand. The association's main goals are lobbying the interests of financial institutions in general and the implementation of the resolution of the Congress of Kazakhstan Financiers. In order to do this, the Association established a liaison with the Government of the Republic of Kazakhstan, and its ministries and agencies. In particular, the Protocol on Cooperation was signed on 1 February 2002 between the Association and the NBK. A similar protocol was signed on 1 January 2004 with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets.

Employees

As at 30 September 2006, the Bank had 3,411 full-time employees, of which 2,811 were employed at the Bank's branches. The Bank has one labour union which entered into a collective agreement with the Bank in 2005. The Bank has never experienced industrial action or other work stoppages resulting from labour disputes. More than 80 per cent. of employees in professional positions hold university degrees. A number of key staff have been trained at the Bank's primary correspondent banks including ING Bank, HypoVereinsbank, Citibank, HSBC, Societe Generale, Deutsche Bank and Dresdner Bank.

Property

The registered office of the Bank is at 100 Schevchenko Street, Almaty 050022, Kazakhstan. This was formerly its head office and was leased from BCC LLP in 1998 for 50 years in order to comply with relevant regulatory requirements. The Bank has recently constructed and moved into its new head office at 98 Panfilov Street, Almaty 050000, Kazakhstan.

The Bank leases the buildings used by its branches.

Legal Proceedings

There are no and have been no governmental, legal or arbitration proceedings against the Bank and/or the Group (including any such proceedings which are pending or threatened of which the Bank is aware), during the last 12 months preceding the date of this Prospectus, which may have, or have had, significant effects on the Bank and/or the Group's financial position or profitability, nor is the Bank aware of any pending or threatened proceedings of such kind.

Asset and Liability Management

Introduction

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

To manage its risks, the Bank has established the ALCO, the Credit Committee of the Head Office and the Small Credit Committee of the Head Office which, together with the credit committee of the respective branches, are responsible for devising, implementing and monitoring the Bank's risk policies. The Bank's risk management infrastructure has been developed with the assistance of RZB and the Bank of Ireland.

The Bank monitors and manages its asset and liability position through the ALCO, which is a permanent committee reporting to the Management Board. The ALCO is headed by the Chairman of the Management Board. The committee also includes three Deputy Chairmen, the Managing Director of the Analysis and Global Risk Department and the Managing Director of the Treasury Department, the Managing Director of Corporate Finance and International Department and the Head of the Dealing Division. The ALCO meets on every third week to review the Bank's asset and liability position based on information provided by the Treasury Department on various matters, including maturities, interest rates and yields; the size and maturity of the Bank's loan portfolio, demand and term deposits and investments; the Bank's net foreign currency position; the Bank's operational ratios conforming to the regulations established by the FMSA; exchange rates, inflation rates and other economic data; and general national and international political and economic trends.

Based on its review of this information, the ALCO evaluates the Bank's risk profile and determines strategies and policies for transactions relating to assets and liabilities for the coming month with an aim to increasing revenues of the Bank while maintaining adequate liquidity, compliance with industry norms and regulations and minimising the impact of financial market risks. These decisions are reviewed and approved by the Bank's Management Board which has overall responsibility for ensuring that the asset and liability maturity profiles are appropriate considering prevailing market conditions and consistent with the Bank's strategy, while meeting all the requirements and limits established by the FMSA.

The Bank conducts its credit risk management at several levels, depending upon the amount of risk involved. Credit committees currently operate in all of the Bank's branches. The Bank has three main credit committees located within its head office which are responsible for approving credit decisions within the Bank; the Credit Committee, the Credit Committee of the Head Office and the Small Credit Committee. See "—*Lending Policies and Procedures*".

The Bank has developed an automated centralised programme, called the "Credit Module", to monitor its credit risk. The objectives of the Credit Module are to:

- create a centralised database of credit transactions;

- effectively manage and control the credit activity of the Bank;
- increase the productivity of the Bank's credit officers by making them more efficient; and
- control the execution of credit transactions.

The Bank believes that centralising its loan transactions through a database will enhance the credit information available to its employees throughout its branches and Head Office. In addition, the Bank believes that the Credit Module will enable it to analyse the Bank's loan portfolio and amend lending procedures to improve risk management.

Maturities

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 analysing the composition of its assets and liabilities and off-balance sheet financial instruments. The Bank believes that its sensitivity to interest rates is largely reduced by its ability to adjust the interest rate under the substantial majority of its loan agreements. See '"*Loan Portfolio—Loan portfolio structure by currencies*".

As at 30 September 2006, the Bank's overall cumulative maturity gap was KZT30,017.8 million, and as at 31 December 2005, it was positive at KZT34,380.4 million.

Interest Rates

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 account of the frequency with which the Bank is able to reprice its assets and liabilities. The Bank believes that its sensitivity to interest rate changes is largely reduced because it has the ability to reprice certain of its loans that mature within one year and has the ability to reprice loans maturing after one year under certain circumstances. In addition, a significant percentage of its loan portfolio maturing after one year under is funded by fixed rate long-term funds. However, if the average maturity of the Bank's loan portfolio increases, without a matching increase in the average maturity of its liabilities or if the average maturity of its liabilities increases without a matching increase in the average maturity of its assets, the Bank will be exposed to increasing interest rate risk. At such time, the Bank may need to introduce new risk management techniques.

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 FMSA regulations. Liquidity risk arises in the general funding of the Bank's lending and investment activities. It includes the risk of increases in funding costs and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Liquidity is centrally managed on a real-time basis by the Treasury Department according to the requirements and forecasts for all the Bank's divisions and branches. The Director of the Treasury Department is consulted on each major credit decision in respect of its impact on the Bank's overall liquidity position. In addition, the ALCO reviews the Bank's liquidity guidelines and strategy on a monthly basis, making any necessary adjustments.

The following table sets out the Bank's sources of funds as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)
Customer accounts	202,706	42.3	140,401	46.2	91,691	67.5	47,929	64.5
Loans and advances from banks	143,132	29.9	115,648	38.0	34,842	25.6	21,981	29.6
Debt securities issued	100,727	21.0	33,590	11.0	1,510	1.1	-	-
Deferred income tax liabilities	-	-	-	-	-	-	62	-
Subordinated debt	30,787	6.4	13,578	4.5	7,475	5.5	4,161	5.6
Other liabilities	1,989	0.4	802	0.3	414	0.3	213	0.3
Total liabilities	**479,341**	**100.0**	**304,019**	**100.0**	**135,932**	**100.0**	**74,346**	**100.0**

The following table gives certain information as to the Bank's liquidity as at 30 September 2006 and 31 December 2005:

	As at 30 September 2006	As at 31 December 2005
	(*per cent.*)	(*per cent.*)
Net Loans(1)/total assets	65.0	62.9
Net Loans(1)/customer accounts	164.9	148.0
Net Loans(1)/equity	950.0	792.8
Liquid assets(2)/total assets	27.9	33.8
Liquid assets(2)/customer accounts	70.7	79.6

(1) Net loans means loans to customers, net of allowances for impairment losses.

(2) Liquid assets comprise investments held-to-maturity, financial assets at fair value through profit or loss, investments available-for-sale, cash, cash and balances with NBK, equivalents and loans to banks (with maturity of less than 1 month).

Customer accounts

A significant portion of the Bank's funding base is represented by corporate customer accounts, which the Bank's management believes to be relatively insensitive to short term fluctuations in market interest rates. The Bank increased its retail funding base in 2006. Retail funding is less volatile than corporate funding, although it is more costly for the Bank due to strong competition in the sector. The Bank concentrates its efforts on servicing the retail market, especially those customers with annual incomes of US$6,000 to US$20,000. Other important sources of funding are bilateral and special purpose facilities from banks and financial institutions and the issue of debt securities.

As at 30 September 2006, the ten largest depositors of the Bank accounted for 14.1 per cent. of total deposits, compared to 16.7 per cent. as at 30 September 2005 and 10.9 per cent. as at 31 December 2005. As at 30 September 2006, the Bank's two largest depositors accounted for 7.2 per cent. of total deposits. As at 31 December 2005, the Bank's two largest depositors accounted for 5.3 per cent. of total deposits. All of the top ten depositors have placed their deposits with the Bank as time deposits.

The amnesty implemented by the Government in 2001 to encourage the use of the banking system was one of the factors in increasing the Bank's funding from retail deposits in that year. Between June and July 2001, individuals and companies who deposited funds with banks in Kazakhstan did not need to justify the source of such funds to the tax authorities or otherwise. The 30 day amnesty resulted in US$480 million being placed with commercial banks.

As at 30 September 2006, time deposits were KZT141,119 million or 69.6 per cent. of total customer accounts, compared to KZT102,591 million or 73.1 per cent. of total customer accounts at the end of 2005.

The following table sets forth details of customer accounts broken down into time and demand deposits and accrued interest on customer accounts as at 30 September 2006 and 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)
Time deposits	141,119	69.6	102,591	73.1	68,478	74.7	31,506	65.7
Demand deposits ...	58,733	29.0	35,753	25.5	22,368	24.4	16,058	33.5
Accrued interest expense on customer accounts	2,854	1.4	2,057	1.4	844	0.9	365	0.8
Total customer accounts	**202,706**	**100.0**	**140,401**	**100.0**	**91,690**	**100.0**	**47,929**	**100.0**

The interest rates on the Bank's deposits are close to 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 average interest rates on the Bank's deposits as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September	As at 31 December		
	2006	2005	2004	2003
KZT deposits		(*per cent.*)		
Time deposit..	10.8	9.8	10.3	10.6
Demand deposits	0.4	0.5	1.8	4.4
Foreign currency deposits				
Time deposits	7.2	7.8	6.9	6.5
Demand deposits	0.1	0.8	0.9	2.5

As at 30 September 2006, approximately 56.7 per cent. of the Bank's accounts were covered by the Deposit Insurance Fund. In accordance with its rules, the Deposit Insurance Fund will not guarantee a deposit exceeding KZT7 million. See "*The Banking Sector in Kazakhstan*".

Foreign Currency Borrowings

Over the past several years, the Bank has entered into financings with foreign banks and other financial institutions. Some of the more important of these are set out below.

Since 1997, the Bank has participated in a number of special programmes for the financing of small- and medium-sized enterprises and enterprises in specific industries, arranged and sponsored by the NBK, the Ministry of Finance, several local (regional) executive bodies as well as international financial institutions such as the International Bank of Research and Development, ADB, EBRD, DEG and FMO.

Syndicated Loans. The Bank has successfully attracted six syndicated loans on international markets, of which three remain outstanding. In November 2003, the Bank raised a syndicated loan in the amount of US$36 million, which was arranged by HVB Group, Sanpaolo IMI S.p.A. and Standard Bank London. The facility was extended in November 2004, and the amount increased to US$70 million with 28 participants. The Bank has fully repaid this loan. In the first half of 2004, the Bank attracted a US$45 million syndicated trade-related loan arranged by Deutsche Bank London and ING Bank. The facility, which was initially launched at US$30 million, was increased to US$45 million and has 21 participants. During the course of 2005, the Bank attracted a US$125 million syndicated loan arranged by ING Bank and Deutsche Bank. The Bank has repaid these syndicated loans in full. On 28 November 2005, the Bank entered into a US$200 million syndicated loan arranged by RZB Austria and Citibank which was successfully extended by one year and increased to US$266.1 million in November 2006. During the first quarter of 2006, the Bank completed two more international transactions tapping specific markets. In February 2006, an agreement for US$38 million was signed with Islamic investors. In April this year, the Bank concluded its first Schuldschein term loan facility agreement for US$100 million. Although, the deal was launched at an initial amount of US$50 million, the total amount of commitments received was more than US$150 million. A recent international borrowing was made through the Issuer in the form of a term loan facility for US$300 million arranged by ING Bank N.V., Standard Bank Plc and

Sumitomo Mitsui Banking Corporation Europe Limited. The Bank used a multi-tranche structure including 369-days, 2- and 3-year tranches with proportional distribution of the funds between the tenors. The Bank plans to broaden the scope of its syndications in 2007.

Trade Finance. Beginning in 2002, the Bank entered into numerous short-term trade finance related facilities with various financial institutions, including American Express Bank, Citibank, HSBC Bank Kazakhstan, HypoVereinsbank, Natexis Banques Populaires, Bank of Montreal, Standard Bank PLC, Bankgesellschaft Berlin, Finansbank (Holland) and others.

For the nine months ended 30 September 2006, short-term trade finance related facilities were arranged for clients of the Bank for an aggregate amount of approximately US$60 million. All transactions were intended to finance specific projects of corporate customers. Among the banks that participated in these transactions were American Express Bank, HypoVereinsbank, Natexis Banques Populaires, Bank of Montreal, Indover Bank, Credit Suisse, National City Bank, Bank of Nova Scotia, Anglo-Romanian Bank, Finansbank (Holland) N.V., DZ Bank, HSH Nordbank, Bankgesellschaft Berlin, Bank Austria Creditanstalt, Erste Bank, UBS, Standard Bank, London, Banks from Asia and the Middle East and others. A portion of the funds was guaranteed by the EBRD, which increased its line to the Bank under its Trade Facilitation Program from US$10 million to US$25 million.

SME Programmes. The Bank participates in the Programme for State Support of Small Business funded by EBRD. Under this Programme, EBRD provides funds to the Small Scale Business Development Fund, a quasi-governmental financial institution, which in turn distributes the funds to a number of designated Kazakhstan banks, including the Bank, for further on-lending to small-scale enterprises. As at 30 September 2006, the Bank had received and on-lent US$7.5 million as to its small-scale customers under this Programme.

In 2003, EBRD also extended three credit lines to the Bank for an aggregate amount of US$18 million under its Grain Receipts, Trade Finance and Kazakhstan Small Business Programmes. Under the Trade Finance Programme and the Grain Receipts Programme, the loans were extended to certain grain producers/dealers secured by grain receipts. In December 2003, the Bank entered into a loan agreement with DEG and FMO in the amount of US$8 million. In 2004, the EBRD increased its Grain Receipts 2003 credit line from US$3 million to US$6 million. During November and December 2004, the EBRD provided a US$6 million credit line to the Bank to finance the agricultural sector, in particular, for purchasing and leasing agricultural equipment. As at 30 September 2006, there was no outstanding balance under the Grain Receipts Programme. On 8 December 2004, EBRD granted a credit line in the additional amount of US$10 million under the Kazakhstan Small Business Programme. In November 2005, the Bank concluded another loan agreement with the EBRD that aims to finance grain producers in Kazakhstan thus facilitating the development of the Kazakhstan agricultural sector. The loan was a US$24 million facility secured by warehouse receipts. As at 30 September 2006, there was no outstanding balance under this agreement.

In May 2005, the Bank attracted a US$10 million credit facility from the IFC under the IFC Central Asia Leasing facility. In December 2005, Wachovia Bank extended a US$9 million bilateral loan to the Bank to finance its SME and retail customers.

Retail Programme. In November 2005, the Bank entered into a loan agreement with the EBRD in the amount of US$10 million to finance the Bank's long-term residential mortgage sub-loans to its customers. The first tranche of US$6 million was disbursed under this agreement in September 2006.

Subordinated Loans and Notes. In December 2004, the Bank received a subordinated loan from DEG in the amount of US$10 million.

In 2000, the Bank issued US$4.5 million in five-year subordinated debt due 2005 and between 2002 and 2005, the Bank issued an additional KZT12.5 billion in six separate subordinated debt issuances with terms ranging from five to ten years. In September 2004, the Bank issued its debut mortgage bonds in the amount of KZT500 million due 2007 and in December 2004, the Bank issued an additional KZT1.3 billion in mortgage bonds due 2014. In 2005 the Bank issued mortgage bonds in the amount of KZT4.5 billion due 2015. In 2006 the Bank has raised KZT4 billion and intends to raise up to an additional KZT50 billion in subordinated debt over the course of the next three years.

Eurobonds. In February 2005, the Bank issued US$200 million 8.0 per cent. notes due 2008. In addition, the Bank has unconditionally and irrevocably guaranteed (or otherwise supported) the following Eurobonds issued by its subsidiary, CenterCredit International B.V.: (i) US$300 million 8 per cent. notes due 2011; (ii) US$100 million 9.125 per cent. perpetual non-cumulative loan participation notes issued on 3 March 2006, the payment obligations of which are supported by a subordinated loan between the Issuer and the Bank; and (iii) KZT25 billion 8.25 per cent. notes due 30 September 2011.

The Bank believes that it will be able to meet its funding obligations under these facilities through an increase in borrowings, including the issue of the Notes and through increases in time deposits.

Foreign Currency Management

The Tenge depreciated against the US dollar by 3.9 per cent. in 2001 and 3.8 per cent. in 2002. In 2003 and 2004, the Tenge strengthened against the US dollar and appreciated by 7.5 per cent. and 9.9 per cent., respectively. In 2005, the Tenge depreciated by 3.0 per cent. against the US dollar. According to NBK, during the first nine months of 2006, the Tenge appreciated by 4.9 per cent. See: "*Exchange Rates and Exchange Controls*".

The Bank's long position is less than the limit set by the FMSA. The details of the Bank's net foreign currency position are set out in a table below.

The ALCO monitors the net open foreign currency position in relation to prevailing market conditions and outlook and advises on the Bank's position and implements the Bank's strategy accordingly.

The following table shows the net foreign currency position of the Bank (calculated in accordance with IFRS) as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September	As at 31 December		
	2006	2005	2004	2003
Net short position (in KZT millions)	(59,940)	3,268.0	(631)	(562)
Net position as a percentage of own capital	(170.3)	12.5	(6.1)	(7.5)
Net position as a percentage of foreign currency liabilities	(18.1)	1.9	(1.1)	(1.4)

Treasury Operations

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

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

Contractual commitments

As at 30 September 2006, provisions for losses on contingent liabilities were KZT117.9 million, as compared to KZT31.1 million as at 31 December 2005.

The following table sets forth the commitments and contingent liabilities of the Bank in Tenge, by contractual maturity, as at 30 September 2006:

	Up to one month	One month to three months	Three months to one year	One year to five years	Over five years	Total
Guarantees	13,870,691	34,068,286	26,293,624	27,483,887	27,401,080	129,117,568
Letters of credit	258,346	4,805,147	2,331,962	1,679,254	-	9,074,709

The following table sets forth the commitments and contingent liabilities of the Bank in Tenge, by contractual maturity, as at 31 December 2005:

	Up to one month	One month to three months	Three months to one year	One year to five years	Over five years	Total
Guarantees	1,373,731	1,902,058	3,844,408	5,394,603	2,326,930	14,841,730
Letters of credit	66,540	3,060,869	2,825,025	1,894,381	-	7,846,815

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

SELECTED STATISTICAL AND OTHER INFORMATION

Average Balances

The following table sets out the Bank's average balance sheets based upon the average of the quarterly balances of the Bank and its consolidated subsidiaries and affiliates for the nine months ended 30 September 2006 and for the years ended 31 December 2005, 2004 and 2003:

	Nine months ended 30 September		**Year ended 31 December**					
	2006		**2005**		**2004**		**2003**	
	Average balance	**Average interest rate**	**Average balance**	**Average interest rate**	**Average balance**	**Average interest rate**	**Average balance**	**Average interest rate**
	(*KZT millions*)	(per *cent.*)	(*KZT millions*)	(per *cent.*)	(*KZT millions*)	(per *cent.*)	(*KZT millions*)	(per *cent.*)
Assets:								
Cash	**2,670**	**3.41**	**3,460**	**7.47**	**2,061**	**15.53**	**814**	**11.91**
Tenge	1,392	1.78	2,405	5.19	956	7.20	435	6.36
Foreign Currency	1,278	1.63	1,055	2.28	1,105	8.33	379	5.55
Loans to and advances with other banks	**14,766**	**18.84**	**9,213**	**19.86**	**2,550**	**19.21**	**763**	**11.17**
Tenge	3,230	4.12	2,195	4.73	1,325	9.98	255	3.73
Foreign Currency	11,536	14.72	7,018	15.13	1,225	9.23	508	7.44
Correspondent account with NBK	**11,848**	**15.12**	**690**	**1.49**	**563**	**4.24**	**490**	**7.17**
Tenge	7,611	9.71	690	1.49	563	4.24	490	7.17
Foreign Currency	4,237	5.41	-	-	-	-	-	-
Marketable securities	**8,062**	**10.29**	**12,966**	**27.97**	**2,381**	**17.94**	**788**	**11.53**
Tenge	6,888	8.79	4,429	9.55	1,706	12.85	670	9.80
Foreign Currency	1,174	1.50	8,537	18.42	675	5.09	118	1.73
Loans to customers, net	**37,147**	**47.40**	**17,319**	**37.35**	**4,887**	**36.82**	**3,041**	**44.51**
Performing loans	**38,504**	**49.13**	**18,015**	**38.85**	**5,436**	**40.95**	**3,019**	**44.19**
Tenge	15,294	19.51	**8,910**	19.21	3,078	23.19	1,675	24.52
Foreign Currency	23,210	29.62	9,105	19.64	2,358	17.76	1,344	19.67
Non-performing loans	**180**	**0.23**	**56**	**0.12**	**44**	**0.34**	**72**	**1.05**
Tenge	118	0.15	26	0.06	21	0.16	66	0.96
Foreign Currency	62	0.08	30	0.06	23	0.18	6	0.09
Allowance for impairment losses	**1,537**	**1.96**	**752**	**1.62**	**593**	**4.47**	**50**	**0.73**
Tenge	673	0.86	294	0.63	290	2.19	47	0.69
Foreign Currency	864	1.10	458	0.99	303	2.28	3	0.04
Correspondent account with other banks	**2,510**	**3.20**	**1,933**	**4.17**	**304**	**2.29**	**552**	**8.08**
Tenge	111	0.14	65	0.14	27	0.20	14	0.21
Foreign Currency	2,399	3.06	1,868	4.03	277	2.09	538	7.87
Fixed and intangible assets, net	**853**	**1.09**	**509**	**1.10**	**324**	**2.44**	**224**	**3.28**
Tenge	853	1.09	509	1.10	324	2.44	224	3.28
Foreign Currency	-	-	-	-	-	-	-	-
Other assets	**510**	**0.65**	**275**	**0.59**	**204**	**1.53**	**160**	**2.35**
Tenge	417	0.53	270	0.58	179	1.35	102	1.49
Foreign Currency	93	0.12	5	0.01	25	0.18	58	0.86
Total Assets	**78,366**	**100**	**46,365**	**100**	**13,274**	**100**	**6,832**	**100**
Tenge	35,241	44.97	19,205	41.42	7,889	59.43	3,884	56.85
Foreign Currency	43,125	55.03	27,160	58.58	5,385	40.57	2,948	43.15
Liabilities:								
Demand deposits	**411**	**0.52**	**293**	**0.63**	**195**	**1.47**	**179**	**2.62**
Tenge	389	0.50	276	0.59	182	1.37	163	2.39
Foreign Currency	22	0.02	17	0.04	13	0.10	16	0.23
Time deposits	**1,448**	**1.85**	**1,019**	**2.20**	**905**	**6.82**	**612**	**8.96**
Tenge	812	1.04	568	1.23	448	3.38	357	5.23
Foreign Currency	636	0.81	451	0.97	457	3.44	255	3.73
Correspondent accounts of other banks	**13**	**0.02**	**12**	**0.03**	**18**	**0.14**	**19**	**0.28**
Tenge	**6**	0.01	9	0.02	13	0.10	14	0.21
Foreign Currency	**7**	0.01	3	0.01	5	0.04	5	0.07
Short-term interbank borrowings	**5,361**	**6.84**	**5,048**	**10.89**	**4,725**	**35.60**	**3,370**	**49.33**

	Nine months ended 30 September 2006		Year ended 31 December 2005		2004		2003	
	Average balance	**Average interest rate**	**Average balance**	**Average interest rate**	**Average balance**	**Average interest rate**	**Average balance**	**Average interest rate**
	(*KZT millions*)	(per *cent.*)	(*KZT millions*)	(per *cent.*)	(*KZT millions*)	(per *cent.*)	(*KZT millions*)	(per *cent.*)
Tenge	13	0.02	-	-	-	-	-	-
Foreign Currency	5,348	6.82	5,048	10.89	4,725	35.60	3,370	49.33
Long-term interbank borrowings	**19,793**	**25.26**	**6,059**	**13.07**	**1,687**	**12.71**	**292**	**4.27**
Tenge	15,484	19.76	3,293	7.10	921	6.94	0	0
Foreign Currency	4,309	5.50	2,766	5.97	766	5.77	292	4.27
Other borrowed funds	**1,883**	**2.40**	**1,967**	**4.24**	**1,351**	**10.18**	**638**	**9.34**
Tenge	27	0.03	37	0.08	42	0.32	150	2.20
Foreign Currency	1,856	2.37	1,930	4.16	1,309	9.86	488	7.14
Debt securities issued	**44,868**	**57.25**	**29,060**	**62.68**	**2,885**	**21.72**	**1,040**	**15.22**
Tenge	15,799	20.16	3,066	6.61	1,906	14.35	878	12.85
Foreign Currency	29,069	37.09	25,994	56.07	979	7.37	162	2.37
Other liabilities	**663**	**0.85**	**714**	**1.53**	**103**	**0.77**	**54**	**0.79**
Tenge	289	0.37	582	1.26	61	0.46	18	0.26
Foreign Currency	374	0.48	132	0.27	42	0.31	36	0.53
Total liabilities	**74,440**	**94.99**	**44,172**	**95.27**	**11,869**	**89.41**	**6,204**	**90.81**
Tenge	32,819	41.88	7,831	16.89	3,573	26.91	1,580	23.13
Foreign Currency	41,621	53.11	36,341	78.38	8,296	62.50	4,624	67.68
Minority interest	**16**	**0.02**	**9**	**0.02**	**5**	**0.04**	**4**	**0.06**
Tenge	16	0.02	9	0.02	5	0.04	4	0.06
Foreign Currency	-	-	-	-	-	-	-	-
Shareholders' equity	**3,910**	**4.99**	**2,184**	**4.71**	**1,400**	**10.55**	**624**	**9.13**
Tenge	3,910	4.99	2,184	4.71	1,400	10.55	624	9.13
Foreign Currency	-	-	-	-	-	-	-	-
Total liabilities and equity	**78,366**	**100.0**	**46,365**	**100.0**	**13,274**	**100.0**	**6,832**	**100.0**
Tenge	36,745	46.89	10,024	21.62	4,978	37.50	2,208	32.32
Foreign Currency	41,621	53.11	36,341	78.38	8,296	62.50	4,624	67.68
Average Exchange Rate KZT/US$	**122.31**	**-**	**132.41**	**-**	**136.05**	**-**	**149.50**	**-**

The following table indicates average interest-bearing assets, interest income before provision for impairment losses, net interest income, yield, spread and margin for the nine months ended 30 September 2006 and for the years ended 31 December 2005, 2004 and 2003:

	Nine months ended 30 September 2006	Year ended 31 December 2005	2004	2003
		(*KZT millions, unless otherwise indicated*)		
Average interest-bearing assets(1)	376,105.6	219,048.9	102,205.3	56,825.4
Interest income before provision for impairment losses	12,760.4	11,900.2	6,041.7	3,628.6
Net interest income	7,693.9	6,504.0	3,623.6	2,194.4
Yield (per cent.)(2)	4.5	5.4	5.9	6.4
Spread (per cent.)(4)	3.8	4.5	4.6	4.8
Margin (per cent.)(3)	2.7	3.0	3.5	3.9

Notes:
1 Based upon the average of the opening and closing balances for the period.
2 Interest income before provision for impairment losses as a percentage of average interest-bearing assets.
3 Net interest income as a percentage of average interest-bearing assets.
4 Average rate on interest-bearing asset minus average rate on interest-bearing liabilities.

Assets

The following table sets out the major asset groups of the Bank, broken down by currency, as at the indicated dates:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(KZT millions) (unaudited)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Trading and investment portfolio								
Tenge	61,990	12.1	17,718	5.4	20,473	13.8	6,928	8.5
Foreign currency	10,570	2.0	34,149	10.3	3,972	2.7	3,485	4.2
Total	**72,560**	**14.1**	**51,867**	**15.7**	**24,445**	**16.5**	**10,413**	**12.7**
Cash and balances with national (central) banks								
Tenge	27,009	5.3	12,381	3.7	7,633	5.2	3,699	4.5
Foreign currency	16,546	3.2	4,220	1.3	1,105	0.7	1,949	2.4
Total	**43,555**	**8.5**	**16,601**	**5.0**	**8,738**	**5.9**	**5,648**	**6.9**
Loans and advances to banks								
Tenge	10,023	1.9	9,042	2.7	10,477	7.1	1,074	1.3
Foreign currency	41,805	8.1	35,547	10.8	7,112	4.8	8,488	10.4
Total	**51,828**	**10.0**	**44,589**	**13.5**	**17,589**	**11.9**	**9,562**	**11.7**
Loans to customers								
Tenge	138,704	27.0	107,223	32.5	38,134	25.7	28,763	35.1
Foreign currency	209,448	40.7	109,620	33.2	57,261	38.6	25,593	31.3
Allowance for impairment losses	(13,833)	(2.7)	(9,033)	(2.7)	(4,083)	(2.8)	(2,287)	(2.8)
Total	**334,319**	**65.0**	**207,810**	**63.0**	**91,312**	**61.5**	**52,069**	**63.6**
Other assets								
Tenge	11,435	2.2	9,343	2.8	6,022	4.1	3,911	4.8
Foreign currency	834	0.2	21	0.0	101	0.1	230	0.3
Total	**12,269**	**2.4**	**9,364**	**2.8**	**6,123**	**4.2**	**4,141**	**5.1**
Assets								
Total Tenge assets	243,107	47.2	152,176	46.1	80,633	54.4	42,650	52.1
Total foreign currency assets	271,424	52.8	178,055	53.9	67,574	45.6	39,183	47.9
Total assets	**514,531**	**100.0**	**330,231**	**100.0**	**148,207**	**100.0**	**81,833**	**100.0**

Liabilities

The following table sets out the major liability groups, broken down by currency, as at the indicated dates:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*) (*unaudited*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)
Loans and advances from banks								
Tenge	34,024	7.1	15,561	5.1	3,310	2.4	1,735	2.3
Foreign currency	109,108	22.8	100,087	33.0	31,531	23.2	20,246	27.2
Total	**143,132**	**29.9**	**115,648**	**38.1**	**34,841**	**25.6**	**21,981**	**29.5**
Customer accounts								
Tenge	60,459	12.6	95,291	31.3	56,491	41.6	29,221	39.3
Foreign currency	142,247	29.7	45,110	14.9	35,200	25.9	18,708	25.2
Total	**202,706**	**42.3**	**140,401**	**46.2**	**91,691**	**67.5**	**47,929**	**64.5**
Debt securities issued								
Tenge	35,968	7.5	6,116	2.0	1,510	1.1	-	-
Foreign currency	64,759	13.5	27,474	9.0	-	-	-	-
Total	**100,727**	**21.0**	**33,590**	**11.0**	**1,510**	**1.1**	**-**	**-**
Subordinated debt								
Tenge	16,659	3.5	11,989	3.9	6,172	4.5	3,512	4.7
Foreign currency	14,128	2.9	1,589	0.5	1,303	1.0	648	0.9
Total	**30,787**	**6.4**	**13,578**	**4.4**	**7,475**	**5.5**	**4,160**	**5.6**
Other liabilities [1]								
Tenge	866	0.2	276	0.1	244	0.2	134	0.2
Foreign currency	1,122	0.2	526	0.2	170	0.1	142	0.2
Total	**1,988**	**0.4**	**802**	**0.3**	**414**	**0.3**	**276**	**0.4**
Liabilities	-	-	-	-	-	-	-	-
Total Tenge liabilities	147,976	30.9	129,233	42.5	67,727	49.8	34,602	46.5
Total Foreign currency liabilities	331,364	69.1	174,786	57.5	68,204	50.2	39,744	53.5
Total Liabilities	**479,340**	**100.0**	**304,019**	**100.0**	**135,931**	**100.0**	**74,346**	**100.0**

1 Other liabilities include derivative financial instruments, provisions, dividends payable and deferred tax liabilities.

Currency Exchange Rate Risk

The following table shows the Bank's exposure to foreign currency exchange rate risk by principal currencies as at 30 September 2006:

	KZT	USD	EUR	Other currency	Total
			(*KZT thousands*) (*unaudited*)		
Assets:					
Cash and balances with the National bank	27,008,867	15,643,744	846,349	56,413	43,555,373
Loans and advances to banks	10,023,012	38,687,300	2,908,199	209,966	51,828,477
Financial assets at fair value through profit or loss	5,877,292	7,843,557	-	-	13,720,849
Loans to customers, less allowance for impairment losses	132,649,692	194,138,814	7,440,274	89,937	334,318,717
Investments available-for-sale	20,180,189	2,084,139	2,761	-	22,267,089
Investments held-to-maturity	35,932,562	639,136	-	-	36,571,698
Fixed and intangible assets, less accumulated depreciation	7,678,954	-	-	-	7,678,954
Income tax assets	390,850	-	-	-	390,850
Other assets, less allowance for impairment losses	3,364,722	504,205	328,989	588	4,198,504
Total assets	**243,106,140**	**259,540,895**	**11,526,572**	**356,904**	**514,530,511**
Liabilities:					
Loans and advances from banks	34,024,015	103,601,729	5,377,191	129,498	143,132,433
Customer Accounts	60,459,143	138,266,136	3,822,835	157,510	202,705,624
Debt securities issued	35,967,999	64,759,006	-	-	100,727,005
Subordinated debt	16,658,577	14,128,210	-	-	30,786,787
Other liabilities	865,997	815,964	301,290	5,315	1,988,566
Total Liabilities	147,975,731	321,571,045	9,501,316	292,323	479,340,415
Open balance sheet position	**95,130,409**	**(62,030,150)**	**2,025,256**	**64,581**	

Liquidity and Interest Rate Risk

The Bank's senior management monitors asset and liability maturities to ensure that they are consistent with its strategy, that the Bank has sufficient liquidity and that the Bank is in compliance with limits established by the FMSA and its internal procedures. The Bank's ALCO also reviews the Bank's positions.

The following table summarises the Bank's assets and liabilities by maturity as at 30 September 2006 and contains certain information regarding interest rate sensitivity. The table assumes that the Bank is able to trade Kazakhstan and foreign government securities on the open market and therefore treats them as assets with a maturity of up to one month rather than long-term assets according to their maturity. As at 30 September 2006, the Bank's cumulative positive maturity gap for all periods was KZT30,017.80 million.

	As at 30 September 2006						
	Up to 1 month	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Maturity undefined**	**30 September 2006 (unaudited)**
				(*KZT thousands*)			
ASSETS							
Interest bearing assets							
Loans and advances to banks	19,596,014	23,201,439	1,189,555	217,301	-	-	44,204,309
Financial assets at fair value through profit or loss	12,409,642	-	-	-	-	-	12,409,642
Loans to customers, less allowance for impairment losses	12,560,290	20,372,755	95,636,185	128,327,366	77,422,121	-	334,318,717
Investments available-for-sale	19,678,273	700,039	1,203,595	520,045	-	-	22,101,952
Investments held-to-maturity	19,471,253	13,100,445	3,000,000	1,000,000	-	-	36,571,698
Total interest bearing assets	83,715,472	57,374,678	101,029,335	130,064,712	77,422,121	-	449,606,318
Cash and balances with the National Bank of the Republic of Kazakhstan	43,555,373	-	-	-	-	-	43,555,373
Financial assets at fair	1,311,207	-	-	-	-	-	1,311,207

value through profit or loss							
Fixed and intangible assets, less accumulated depreciation and amortization....................	-	-	-	-	-	7,678,954	7,678,954
Income tax assets	-	-	390,850				390,850
Loans and advances to banks...............................	7,624.168	-	-	-	-	-	7,624,168
Investments available-for-sale.................................	-	-	-	-	-	165,137	165,137
Other assets, less allowance for impairment losses.....	3,874,499	324,005	-	-	-	-	4,198,504
TOTAL ASSETS...............	140,080,719	57,698,683	101,420,185	130,064,712	77,422,121	7,844,091	514,530,511
LIABILITIES							
Interest bearing liabilities							
Loans and advances from banks	5,624,690	37,265,777	46,119,978	54,073,993	-	-	143,084,438
Customer accounts.............	12,910,489	10,669,748	50,635,891	37,954,217	32,819,971	-	144,990,316
Debt securities issued..........	-	418,176	318,745	92,459,569	7,530,515	-	100,727,005
Subordinated debt	-	387,817	-	3,312,662	27,086,308	-	30,786,787
Total interest bearing liabilities.........................	18,535,179	48,741,518	97,074,614	187,800,441	67,436,794	-	419,588,546
Loans and advances from banks	47,995	-	-	-	-	-	47,995
Customer accounts.............	57,418,003	46,941	246,350	4,014	-	-	57,715,308
Other liabilities....................	1,756,472	-	-	-	-	232,094	1,988,566
TOTAL LIABILITIES.....	77,757,649	48,788,459	97,320,964	187,804,455	67,436,794	232,094	479,340,415
Liquidity gap.......................	62,323,070	8,910,224	4,099,221	(57,739,743)	9,985,327		
Interest sensitivity gap	65,180,293	8,633,160	3,954,721	(57,735,729)	9,985,327		
Cumulative interest sensitivity gap.................	65.180,293	73,813,453	77,768,174	20,032,445	30,017,722		
Cumulative interest sensitivity gap as a percentage of total assets	12.7	14.4	15.1	3.9	5.8		

Although the relative maturities of the Bank's assets and liabilities give an indication of 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 or with which its liabilities reprice. However, a positive gap by maturities means than an increase in interest rates would, generally, have a positive effect on net interest income. The Bank believes that its sensitivity to interest rate changes is largely reduced due to its ability to reprice certain loans that mature within one year and loans maturing after one year under certain circumstances. Additionally, a significant percentage of its loan portfolio maturing after one year is funded by fixed-rate long-term funds. However, if the average maturity of the Bank's loan portfolio increases without a corresponding increase in the average maturity of its liabilities, the Bank will be exposed to increasing interest rate risk.

Trading and Investment Portfolio

The Bank structures its securities portfolio based on a number of factors, including the liquidity, diversification and yield-to-maturity of the securities held. The Bank has a general policy that its governmental and municipal securities shall constitute the major part of its total securities portfolio, with the remainder of the portfolio allocated to non-government securities (mainly Kazakhstan corporations). As at 30 September 2006, government securities accounted for 80.2 per cent. of the Bank's securities portfolio, compared to 79.4 per cent. and 73.1 per cent., as at 31 December 2005 and 31 December 2004, respectively.

The following table shows the composition of securities held by the Bank and its investments in associated companies as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September	As at 31 December		
	2006	**2005**	**2004**	**2003**
		(KZT millions)		
Financial assets at fair value through profit or loss	13,721	34,085	2,911	1,413
Investments available-for-sale	22,267	17,720	21,479	9,000
Investments held-to-maturity	36,572	62	55	-
Total..	**72,560**	**51,867**	**24,445**	**10,413**

The Bank's total securities portfolio increased by 134.7 per cent. from KZT10,413 million as at 31 December 2003 to KZT24,445 million as at 31 December 2004, which in turn increased by 112.2 per cent. to KZT51,867 million as at 31 December 2005. In the first nine months of 2006, the Bank's total securities portfolio increased by a further 39.9 per cent. to KZT72,560 million.

The Bank's investments available-for-sale comprise mostly notes of the NBK, Treasury bonds of the Ministry of Finance of Republic of Kazakhstan and Eurobonds issued by the Republic of Kazakhstan and other Kazakhstan entities. The Bank's holding of the Government of Kazakhstan's eurobonds increased in 2005 compared to 2004 from KZT1,267.5 million to KZT2,186.6 million which in turn was an increase from KZT1,769.9 million in 2003. Similarly, the Bank's holding of securities issued by companies increased to KZT14,358.5 million as at 30 September 2006 compared to KZT80,691 million as at 31 December 2005. This increase reflects the Bank's decision to broaden its securities portfolio and diversify its risk profile. As at 30 September 2006, the Bank's investments held to maturity amounted to KZT36,572 million.

The following table sets forth certain information as to the maturity of the Bank's securities portfolio excluding accrued interest income on these securities as at 30 September 2006 and as at 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*share per cent.*)	(*KZT millions*)	(*share per cent.*)	(*KZT millions*)	(*share per cent.*)	(*KZT millions*)	(*share per cent.*)
	(*unaudited*)							
Up to one month	52,870	72.9	45,408	87.6	22,802	93.3	8,383	80.5
From one to three months	13,801	19.0	1,359	2.6	-	-	118	1.1
From three months to one year	4,204	5.8	3,480	6.7	10	-	-	-
From one to five years	1,520	2.1	1,462	2.8	1,464	6.0	1,466	14.1
Over five years	-	-	-	-	44	0.2	-	-
Maturity undefined	165	0.2	158	0.3	125	0.5	446	4.3
Total	**72,560**	**100.0**	**51,867**	**100.0**	**24,445**	**100.0**	**10,413**	**100.0**

The following table shows the structure of the average marketable securities portfolio and average interest rates for the nine months ended 30 September 2006 and the years ended 31 December 2005, 2004 and 2003:

	Nine months ended 30 September		Year ended 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*Average Interest Rate, per cent.*)	(*KZT millions*)	(*Average Interest Rate, per cent.*)	(*KZT millions*)	(*Average Interest Rate, per cent.*)	(*KZT millions*)	(*Average Interest Rate, per cent.*)
	(*unaudited*)							
NBK notes	44,938	4.0	3,035	2.1	9,794	3.7	2,349	5.0
Corporate bonds	14,213	8.3	9,898	8.3	6,575	8.3	4,093	8.8
Medium-term and long-term notes of the Ministry of Finance of the Republic of Kazakhstan	4,927	5.7	6,586	5.6	6,145	6.0	1,912	7.2
Eurobonds of foreign governments	5,759	4.6	30,001	3.8	516	3.8	289	3.8
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	2,723	11.1	2,187	11.1	1,268	11.7	1,770	12.0
Domestic municipal bonds	-	-	160	8.6	147	8.6	-	-
Total	**72,560**	**5.1**	**51,867**	**5.0**	**24,445**	**6.0**	**10,413**	**8.0**

Loan Portfolio

Introduction

The Bank offers a variety of banking products including loans, trade financing, letters of credit and letters of guarantee. Financing is provided for various purposes, although the majority of corporate loans are for working capital and trade finance purposes with a maturity of 12 months or less. Consumer lending relates primarily to mortgages, car loans and other loans to finance purchases of consumer products.

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

Loans and advances to banks

As at 30 September 2006, loans and advances to banks had increased to KZT51,829 million compared to KZT44,589 million as at 31 December 2005. In general, loans and advances to banks were represented by short-term US dollar deposits placed for liquidity management. The Bank undertakes a conservative approach in its deposit funding activities. Funds are usually placed for a short-term period with a maximum limit on the amount deposited, unless such loans are backed by state securities or cash deposits. As such, as at 30 September 2006, nearly all loans and advances to banks had maturities of less than three months.

Loans, guarantees and letters of credit

The Bank offers a variety of banking products including loans, trade financing, letters of credit and letters of guarantee. The following table sets out the composition of the Bank's loans and contingent liability exposure as at 30 September 2006, 31 December 2005, 31 December 2004 and 31 December 2003:

	As at 30 September	**As at 31 December**		
	2006	**2005**	**2004**	**2003**
		(KZT millions)		
Loans				
Loans to customers	348,151	216,844	95,395	54,356
Allowance for impairment losses	(13,833)	(9,034)	(4,083)	(2,287)
Loans to customers, net	334,318	207,810	91,312	52,069
Contingent Liabilities				
Guarantees and similar commitments	129,117	14,842	9,063	3,908
Letters of credit	9,075	7,847	5,361	831
Total contingent liabilities	138,192	22,689	14,424	4,739
Total loans and contingent liabilities	**472,510**	**230,499**	**105,736**	**56,808**

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations. See "*—Lending Policies and Procedures*".

The Bank's loan portfolio, net of provisions, grew by 60.9 per cent. from KZT207,810 million as at 31 December 2005 to KZT334,318 million as at 30 September 2006.

As at 30 September 2006, the top 20 largest borrowers comprised 21.3 per cent. of the Bank's gross loan portfolio, compared to 27.3 per cent. as at 31 December 2005, 35.4 per cent. as at 31 December 2004 and 29.1 per cent. as at 31 December 2003.

The following table sets out a breakdown of a Bank's gross loans by loan amount as at the dates indicated:

	As at 30 September		**As at 31 December**					
	2006		**2005**		**2004**		**2003**	
	(KZT millions)	*(Share, per cent.)*	*(KZT millions)*	*(Share, per cent.)*	*(KZT millions)*	*(Share, per cent.)*	*(KZT millions)*	*(Share, per cent.)*
Up to $50,000	78,687	22.6	55,319	25.5	15,980	16.8	9,676	17.8
$50,001-$200,000	59,511	17.1	35,983	16.6	8,300	8.7	4,581	8.4
$200,001-$l,000,000	72,107	20.7	45,239	20.9	15,419	16.2	11,329	20.8
$1,000,001-$3,000,000	56,778	16.3	33,438	15.4	20,325	21.3	11,521	21.2
$3,000,001-$5,000,000	22,221	6.4	10,745	5.0	10,447	10.9	5,374	10.0
Over $5,000,000	58,847	16.9	36,120	16.6	24,924	26.1	11,875	21.8
Total	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**100.0**

Loan portfolio structure by maturity

The following table sets out the breakdown of the Bank's gross loans by maturity:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)	(*KZT millions*)	(*per cent.*)
Up to 1 month	6,585	1.8	4,381	2.0	1,122	1.2	1,189	2.2
1-3 months	15,551	4.5	11,666	5.4	2,956	3.1	2,288	4.2
3-6 months	17,904	5.1	19,489	9.0	9,802	10.4	6,751	12.4
6-12 months	49,837	14.3	30,469	14.0	14,895	15.6	12,369	22.8
1 -2 years	38,825	11.2	28,193	13.0	18,231	19.1	11,904	21.9
2-3 years	29,772	8.6	26,653	12.3	13,144	13.7	5,914	10.9
3-5 years	93,767	27.0	52,049	24.0	25,318	26.5	7,651	14.0
Over 5 years	94,237	27.1	43,222	20.0	9,338	9.8	5,402	10.0
Overdue	1,673	0.4	722	0.3	589	0.6	888	1.6
Total	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**100.0**

Loan portfolio structure by sector

The Bank's Credit Committee of the Head Office sets limits on the Bank's total exposure to economic sectors as a percentage of the Bank's total loan portfolio, based on its review of macro-economic data prepared by the Analysis, Monitoring and Methodology Division of the Credit Department. Current limits include a maximum exposure to trade companies of 25 per cent., retail and housing of 30 per cent. and agriculture and food processing of 10 per cent. in each case of the Bank's total loan portfolio. The Bank limits its exposure to high risk sectors of the economy.

As at 30 September 2006, retail loans and mortgages included approximately KZT525.6 million of mortgage loans extended by CJSC Zhilstroibank prior to its merger with the Bank in 1998 as part of a Government-led initiative to provide low-cost loans to fund house purchases by individuals. At the time of the merger, such loans represented approximately 12 per cent. of the Bank's total loan portfolio. The Bank's loan portfolio has grown since the merger, however, and as at 30 September 2006, the percentage had fallen to less than 0.2 per cent. The loans were initially extended by CJSC Zhilstroibank for 25 years at a low rate of interest (usually 5 per cent.), fixed until maturity. All loans were linked to the US dollar. Following the flotation and subsequent devaluation of the Tenge in April 1999, the borrowers became unable to meet the repayment obligations which increased rapidly as the Tenge continued to devalue. Following a petition by the Bank, the Government agreed in February 2001 to meet the increased costs of such loans caused by the devaluation of the Tenge and to pay the Bank the difference between the Tenge amount paid by the borrowers (fixed at an exchange rate of KZT88.3: US$1.00) and the exchange rate applicable as at the end of the relevant year.

The following table sets forth certain information as to the structure of the Bank's loan portfolio by economic sector, as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KTZ millions*)	(*Share per cent.*)	(*KTZ millions*)	(*Share per cent.*)	(*KTZ millions*)	(*Share per cent.*)	(*KTZ millions*)	(*Share per cent.*)
Retail loans and mortgages	120,650	34.7	66,827	30.8	19,299	20.2	8,386	15.4
Trading	60,241	17.3	41,586	19.2	21,704	22.8	14,366	26.4
Construction	46,354	13.3	22,904	10.5	6,685	7.0	2,361	4.3
Food industry	23,347	6.7	15,285	7.0	10,430	10.9	7,445	13.7
Manufacturing	19,123	5.5	12,325	5.7	11,699	12.3	6,161	11.3
Agriculture	19,271	5.5	19,439	9.0	6,485	6.8	2,620	4.8
Real Estate	17,296	5.0	8,780	4.0	3,052	3.2	1,523	2.8
Oil and gas	15,326	4.4	8,964	4.1	4,689	4.9	1,487	2.7
Transportation and equipment maintenance services	9,188	2.6	5,370	2.5	4,123	4.3	2,387	4.4
Mining and production of precious metals	1,927	0.5	3,290	1.5	3,090	3.2	3,726	6.9
Telecommunications and transport	4,839	1.4	1,219	0.6	998	1.1	1,554	2.9
Financial sector	638	0.2	1,974	0.9	31	-	71	0.1
Mass media	1,980	0.6	2,365	1.1	981	1.0	466	0.9
Machinery	2,059	0.6	806	0.4	168	0.2	74	0.1
Energy	145	0.0	134	0.1	125	0.1	364	0.7
Metallurgy	-	-	1	-	256	0.3	324	0.6
Other	5,767	1.7	5,575	2.6	1,580	1.7	1,041	2.0
Total	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**100.0**

Retail loans and mortgages increased from KZT66,827 million as at 31 December 2005 to KZT120,650 million as at 30 September 2006, representing an increase of 80.5 per cent., and, as a percentage of the loan portfolio, increased from 30.8 per cent. to 34.7 per cent. This increase was a result of the Bank's strategy to increase its presence in the high margin retail sector which resulted in a large increase in the volume of the Bank's mortgage loans. In 2005, lending to the trading sector increased due to an increase in the number of borrowers among companies which focus on trading, mainly in the agriculture, manufacturing and food industries. Loans to trading companies increased by 44.9 per cent. in the first nine months of 2006, from KZT41,586 million as at 31 December 2005 to KZT60,241 million as at 30 September 2006, however, the share of the trading sector in the total loan portfolio decreased slightly in the period ended 30 September 2006 to 17.3 per cent. as compared to 19.2 per cent. of the Bank's total loan portfolio as at 31 December 2005. Loans to the construction sector increased substantially (102.4 per cent.) during the nine months ending 30 September 2006, reflecting an improvement in the Kazakhstan economy and increased activity in the construction sector. Loans to companies in the agricultural sector increased by 199.8 per cent. in 2005 and decreased by 0.1 per cent. in the first nine months of 2006. Such loans include the EBRD funded grain receipts programme. See "—*Funding and Liquidity*".

Loans to manufacturing companies increased by 55.4 per cent. in the first nine months of 2006, representing 5.5 per cent. of the Bank's total loan portfolio as at 30 September 2006 (a decrease of 0.2 per cent. compared to 31 December 2005). Loans to the food industry increased by 52.1 per cent., as a percentage of the total loan portfolio, 0.3 to 6.7 per cent. as at 30 September 2006.

In 2005, loans to the oil, gas and energy sectors also increased, although overall, their share of the Bank's total loan portfolio decreased by 0.3 per cent. as at 30 September 2006 compared to 4.1 per cent. as at 31 December 2005.

Loan portfolio structure by currencies

Historically, non-Tenge loans comprised the major part of the Bank's loan portfolio, accounting for 76.0 per cent. of total loans as at 31 December 1999 then decreasing thereafter. After the flotation of the Tenge in 1999 and following the subsequent stabilisation of the Tenge against the US dollar, the structure of the Bank's loan portfolio by currency has changed. Following domestic demand and as a result of a significant portion of the Bank's deposits (time and demand) being in Tenge, the level of

Tenge loans has decreased, representing 42.07 per cent. of the Bank's total loan portfolio as at 30 September 2006, 52.0 per cent. as at 31 December 2005 and 42.1 per cent. as at 31 December 2004 and 54 per cent. as at 31 December 2003. Such loans generally have a shorter-term maturity profile and usually contain provisions that allow the Bank to increase interest rates or demand early repayment in the event of a devaluation of the Tenge.

The following table sets forth certain information as to the currency profile of the Bank's gross loan portfolio as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KTZ millions*)	(*Share per cent.*)	(*KTZ millions*)	(*Share per cent.*)	(*KTZ millions*)	(*Share per cent.*)	(*KTZ millions*)	(*Share per cent.*)
Tenge	138,704	39.8	107,223	49.5	38,134	40.0	28,763	52.9
US dollar	201,917	58.1	106,788	49.2	56,585	59.3	25,143	46.3
Euro	7,440	2.1	2,830	1.3	676	0.7	450	0.8
Other currency	90	-	3	-	-	-	-	-
Total loan portfolio (gross)	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**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 the loans given. FMSA regulations limit the exposure to any single borrower or group of borrowers to 10 per cent. of a bank's equity for related parties and to 25 per cent. of a bank's equity for non-related parties to the bank. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition as at 31 December 2005, 2004 and 2003—Capital*". The Bank's own credit approval process is based on FMSA regulations and its own internal procedures are established by the Management Board and the Board of Directors.

The Bank has two main credit committees responsible for approving credit decisions: the Credit Committee of the Head Office and the Small Credit Committee of the Head Office. The Small Credit Committee of the Head Office is responsible for the implementation of the Bank's credit policy in respect of medium to large corporate customers and for approving the terms of credit facilities and/or guarantees extended by the Bank for amounts of between US$100,000 and US$1 million. The Credit Committee of the Head Office is responsible for the implementation of the Bank's credit policy in respect of large corporate customers and for approving the terms of credit facilities and/or guarantees extended by the Bank for amounts of between US$1 million and US$3 million. Any loan of between US$3 million and US$9 million must be approved by the Management Board and loans in excess of US$9 million must be approved by the Board of Directors.

Within each full service branch, credit decisions for loans below the credit level set for that branch are approved by the credit committee within the branch, including the credit officers who review the loan applications and which led by the Credit Risk Manager of the branch who opines on the credit risks involved and who also monitors the branch's loan portfolio. The levels for each branch are set by the Credit Committee of the Credit Risk Department and range from US$100,000 to US$1,000,000 per loan. The Credit Committee of the Credit Risk Department monitors loans approved by individual branches and 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. One branch had its lending limit revoked in 2004. Lending limits are reviewed on a quarterly basis.

All applications for credit by corporate and retail customers must be submitted to the Bank on its standard forms. The Bank's branches conduct an initial compliance review of each application. After such review, depending on the type of the borrower and the credit, the application is sent for review and analysis by the Credit Department for loans of up to US$1 million or by the Corporate Finance

Department for loans exceeding US$1 million. The relevant department undertakes a thorough review and analysis of the application, including carrying out feasibility studies and analysis of the financial standing, reputation and experience of the potential borrower and then prepares a credit dossier based upon the results of such analysis. If applicable, the Problem Loan Division of the Credit Department obtains references on the potential borrower from third parties including other banks and various governmental authorities, such as taxation bodies, the NBK and the Interior Ministry. If the loan is collateralised, BCC LLP makes an appraisal of the collateral being offered, including as to valuation, title and prior encumbrances. The Bank also employs independent legal advisers to review the loan agreements and other legal documentation involved in the lending process.

Depending on the amount of the credit, 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.

Maturity Limit

The maximum maturity of a loan depends on the type of loan as follows:

	Maximum Maturity
Financing of working capital	Up to 12 months
Consumer credit to individuals	Up to 24 months
Loans to employees	Up to 37 months
Payroll	Up to one month
Investments	Up to five years
Inter-bank credit:	
Short term	Up to one year
Medium term	one to three years
Long term	three years and above
Mortgage loans	Up to 15 years
Leasing	Up to five years

Collateralisation

To reduce its credit risks, the Bank requires collateral from borrowers. Collateral includes but is not limited to real estate, machinery and motor vehicles, industrial equipment, industrial goods and food stocks and medicine and other commercial goods, as well as cash deposits, domestic securities and personal or financial institution guarantees. The Bank regularly monitors the quality of the collateral taken as security. In certain cases when existing collateral declines in value, additional collateral might be requested. In addition, the terms of the Bank's loan agreements usually provide the Bank with the flexibility to adjust interest rates or request a prepayment of the loan or a portion thereof upon changes in circumstances, including a decline in the value of collateral.

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

	Loan/Collateral Value
	(per cent.)
Cash	100
Guarantees from financial institutions	100
Government debt securities	100
Real estate	30-70
Goods in turnover	50
Equipment	40-60
Precious metals	70
Corporate guarantees	40-60
Corporate securities	10-50

The following table sets forth the nominal amount of the Bank's collateralised and non-collateralised loans and such amount as a percentage of total gross loans as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*Share per cent.*)	(*KZT millions*)	(*Share per cent.*)	(*KZT millions*)	(*Share per cent.*)	(*KZT millions*)	(*Share per cent.*)
Collateralised	346,093	99.4	215,027	99.2	94,739	99.3	53,552	98.5
Uncollateralised	2,058	0.6	1,817	0.8	656	0.7	804	1.5
Total	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**100.0**

The following table sets forth a breakdown of total gross collateralised loans by type of collateral and as a percentage of the total gross loan portfolio as at 30 September 2006, 31 December 2005, 2004 and 2003:

	As at 30 September		As at 31 December					
	2006		2005		2004		2003	
	(*KZT millions*)	(*Share, per cent.*)	(*KZT millions*)	(*Share, per cent.*)	(*KZT millions*)	(*Share, per cent.*)	(*KZT millions*)	(*Share, per cent.*)
Real estate	243,745	70.0	148,284	68.4	60,405	63.3	33,931	62.4
Goods in turnover	45,960	13.2	33,706	15.5	13,793	14.4	7,327	13.5
Equipment	34,260	9.8	24,566	11.3	9,567	10.0	5,286	9.7
Other assets	10,597	3.0	3,744	1.7	4,925	5.2	3,317	6.1
Corporate guarantees	8,004	2.3	2,378	1.1	2,772	2.9	1,758	3.2
Cash	3,226	1	2,082	1.0	2,383	2.5	1,115	2.1
Precious metals	301	0.1	267	0.1	894	1.0	817	1.5
Unsecured	2,058	0.6	1,817	0.9	656	0.7	805	1.5
Total	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**100.0**

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

Portfolio Supervision

The Bank classifies its loans in accordance with requirements established by the FMSA. Within each full service branch, the branch's loan portfolio is also monitored by credit officers and the Credit Risk Manager of the branch. The Credit Committee of the Credit Risk Division is responsible for monitoring the total loan portfolio of the Bank and reviewing the loan portfolios of each branch. The Credit Risk Division monitors the Bank's loan portfolio using the Credit Module (See "*Asset and Liability Management — Introduction*"). Using this system, the Credit Risk Division is able to evaluate the quality of the loan portfolio and the requirements for loan loss provisions in relation to it. Loans are monitored on a daily basis, which allows the Credit Risk Division to identify problem credits or loans at an early stage. In addition, an in-depth review of each borrower is carried out on site on a quarterly basis where the financial state of the borrower and the status of any pledged collateral is assessed.

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 weight 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 of 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 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 the market share; no assurance can be made that the customer's financial performance will improve; 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; absence of financial information about the customer is absent.

In relation to the Quality of Collateral criteria:

"Reliable" means highly liquid collateral, in the form of Kazakhstan governmental guarantees, guarantees from banks having an international rating 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 weight grades for all criteria are then combined, resulting in classification of the Bank's portfolio as follows, both under NBK requirements and under IFRS:

Total Grades	NBK Classification	Timeliness of Repayment	IFRS Classification
Less than 1	Standard		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

Total classified loans under the FMSA's classification comprise doubtful and loss loans. Total classified loans under IFRS comprise unsatisfactory loans, doubtful and loss loans.

The Credit Committee of the Head Office produces a monthly report which covers all aspects of the Bank's credit activity. The Bank's Management Board pays strict attention to the timeliness of debt repayments and the classified loans and contingent liabilities are included in such monthly reports. Immediate action is taken by the appropriate departments, which have responsibility for supervising and monitoring loan repayment if any principal or accrued interest repayment problems arise. Any deterioration in the quality of the assets and contingent liabilities of the entire loan portfolio is brought to the attention of the Bank's Management Board. The Bank's determination as to whether a repayment problem has arisen is based on a number of objective and subjective criteria including the credit's classification as described above; sudden changes in volumes in the customer's accounts with the Bank; as to retail customers, sudden changes in the standard of living of the customer which imply improper use of credit facilities; applications to change credit terms; failure of the customer or a counterparty to fulfil terms under a contract relating to the credit; refusal of a customer to co-operate in supplying documentation and evasion of the Bank's officers by the customer. Once any repayment problem arises, the Bank's Problem Loans Division is immediately notified. The Bank believes that it has a good record in enforcing its security and attempts to resolve security enforcement without resort to court action or arbitration. In particular, the Bank takes immediate steps to issue notices of default and to carry out the subsequent sale of any pledged collateral either in reliance on non-judicial foreclosure or with the co-operation of the customer.

In addition, the Bank established its own internal customer rating system in 2002 pursuant to which each of the Bank's large corporate customers are assigned an internal credit rating. The Bank currently classifies its corporate clients based on the amounts of such clients' annual sales. Corporate clients with annual sales of US$700,000 or less are classified as "small-sized", corporate clients with annual sales of between US$700,000 and US$7 million as "medium-sized", corporate clients with annual sales of between US$7 million and US$70 million as "large-sized" and in excess of US$70 million as "largest companies". The ratings assigned are based on criteria such as the customer's management, operational potential, credit history, quality of collateral and financial performance. The assigned ratings determine, to a large extent, the applicable interest rate, other terms and conditions of the credit extended to the customer and the frequency and level of monitoring.

Non-performing Loans

The Bank classifies as non-performing only that portion of principal, interest or fees on a loan which is overdue by more than 30 days for a corporate loan or retail loan, which is a classification methodology consistent with that used by other banks in Kazakhstan. According to this definition the Bank had a non-performing loan ratio of 0.5 per cent. as of 30 September 2006 compared to 0.3 per cent. as at 31 December 2005.

The following table sets forth information as to amounts past due by less than 30, between 30 and 60, between 60 and 90 and between 90 and 180 days. The Bank writes-off that portion of any loan that is past its due date after 180 days.

	As at 30 September 2006				
Days past due	**Portion overdue**	**per cent. of total loans**	**Portion not due**	**Total**	**per cent. of total loans**
	(KZT millions)		*(KZT millions)*	*(KZT millions)*	
Under 30	387	23.1	343,387	343,774	98.7
30 – 60	72	4.3	1,165	1,237	0.4
60 – 90	189	11.3	374	563	0.2
90 – 180	1,025	61.3	1,552	2,577	0.7
Total	**1,673**	**100.0**	**346,478**	**348,151**	**100.0**

	As at 31 December 2005				
Days past due	**Portion overdue**	**per cent. of total loans**	**Portion not due**	**Total**	**per cent. of total loans**
	(KZT millions)		*(KZT millions)*	*(KZT millions)*	
Under 30	149	20.6	213,499	213,648	98.5
30 – 60	302	42	772	1,074	0.5
60 – 90	97	13.4	532	629	0.3
90 – 180	174	24	1,319	1,493	0.7
Total	**722**	**100.0**	**216,122**	**216,844**	**100.0**

Allowances for Impairment Losses

The following table provides information regarding the Bank's allowance for impairment losses as at and for the nine months ended 30 September 2006 and as at and for the years ended 31 December 2005, 2004 and 2003:

	30 September	**31 December**		
	2006	**2005**	**2004**	**2003**
		(KZT millions)		
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Allowance for impairment losses at the beginning of period	(9,033)	(4,083)	(2,287)	(1,537)
Provision	(5,067)	(5,396)	(2,418)	(1,434)
Write-off of assets	1,006	821	1,137	632
Recoveries of assets previously written off	(738)	(375)	(515)	-
Transfer from loans to customers	-	-	-	52
Allowance for impairment losses at end of the period	**(13,832)**	**(9,033)**	**(4,083)**	**(2,287)**

Provisioning Policy

The classification matrix described above is used to determine the provisioning rate required by the FMSA. Calculation of provisions is carried out on a monthly basis.

The Bank may make 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. For this reason, the actual provision levels may differ from the normal provisioning rate. The Bank considers a loan to be non-performing when either interest or principal payments are past their due date by 30 days. At such time, the accrual of interest is suspended. The Bank fully provisions a loan if interest and principal have not been paid for more than 90 days or if management is of the opinion that the loan is uncollectible because the Bank has been unable to collect the loan or to enforce its security. The Bank writes off that portion of any loan that is past its due date by 180 days or more although under IFRS such loans do not have to be written off but are treated as non performing loans. Once a loan has been fully provisioned by the Bank, the Problem Loan Division continues to monitor the loan and related collateral for a five-year period in order to assess the possibility of making a subsequent recovery.

Until 2002, under applicable local regulations, banks were required to create provisions for potential losses on loans to customers based primarily on the borrower's debt service performance. In 2002, the current requirements as to classification of and provisions in relation to loans to customers were introduced. The regulations require provisioning not only on the basis of borrower's debt service performance but also on the basis of such criteria as the borrower's financial condition, quality of collateral and credit history. See *"Portfolio Supervision"*.

The Bank's provisioning policy is reflected in its consolidated financial statements prepared in accordance with IFRS. The table below sets forth certain information relating to the Bank's gross loans and the credit classifications and provisions in relation to them in accordance with the Bank's internal classification policy on the basis of discounted expected cash flows as at 30 September 2006 and as at 31 December 2005, 2004 and 2003:

	As at 30 September		**As at 31 December**					
	2006		**2005**		**2004**		**2003**	
	(*KZT millions*)	(*Share, per cent.*)	(*KZT millions*)	(*Share, per cent.*)	(*KZT millions*)	(*Share, per cent.*)	(*KZT millions*)	(*Share, per cent.*)
Classification								
Standard	231,044	66.4	144,418	66.6	63,319	66.4	36,974	68.0
Sub-standard	88,472	25.4	48,818	22.5	21,668	22.7	11,250	20.7
Unsatisfactory	22,296	6.4	20,795	9.6	8,986	9.4	5,399	10.0
Doubtful	2,774	0.8	685	0.3	384	0.4	158	0.3
Loss	3,565	1.0	2,128	1.0	1,038	1.1	575	1.0
Total	**348,151**	**100.0**	**216,844**	**100.0**	**95,395**	**100.0**	**54,356**	**100.0**

The effective level of provisions was 4.0 per cent. in the first nine months of 2006 and 4.2 per cent., 4.3 per cent. and 4.2 per cent. in the years ended 2005, 2004 and 2003, respectively. In 2005, the share of total classified loans remained the same as for 2004 at 10.9 per cent. of the Bank's total loan portfolio, compared to 11.3 per cent. at the end of 2003. As at 30 September 2006, total classified loans as a percentage of total loan portfolio decreased to 8.2 per cent.

Non-performing loans, determined in accordance with the Bank's internal classification policy, which include loans on which interest has ceased to accrue, amounted to KZT1,618 million or 0.5 per cent. of the Bank's gross loan portfolio as at 30 September 2006 as compared with KZT662 million or 0.3 per cent. as at 31 December 2005.

MANAGEMENT AND SHARE OWNERSHIP

Management

In May 2004, the Bank was re-registered as a Joint Stock Company to comply with the requirements of the 13 May 2003 Law on Joint Stock Companies. The revised Charter of the Bank was approved by the FMSA on 14 June 2006.

The Bank's Charter provides that the Bank shall have a Board of Directors, a supervisory management body, a Management Board, an executive body, and an internal audit division responsible for overseeing the financial control of the Bank's activities. The General Shareholders' Meeting represents the highest corporate governing authority of the Bank. The Law of Kazakhstan on Joint Stock Companies vests in the General Shareholders' Meeting the final approval of certain major corporate decisions.

The shareholders elect 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 activities is vested in the Management Board. In accordance with Kazakhstan legislation, the members of the Board of Directors and the Chairman and Deputy Chairmen of the Management Board are appointed only with the consent of the FMSA. The FMSA does not have a representative on the Board of Directors or the Management Board.

Board of Directors

The Board of Directors is not directly involved in management and 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 in order to protect shareholders' interests. The authorities of the Board of Directors include defining the investment, credit and other policies of the Bank, nominating the Chairman and members of the Management Board, approving material contracts (major transactions), approving all loans to customers in excess of US$10 million, calling General Shareholders' Meetings and approving the Bank's budget.

The Board of Directors consists of eight members elected by the General Shareholders' Meeting. The current members of the Board of Directors are:

Name	Position
Bakhytbek R. Bayseitov	Chairman of the Board of Directors, President of LLP Financial Industrial Group Atameken
Jumageldi R. Amankulov	Advisor to the Chairman of the Board of Directors of the Bank
Kuanish D. Muldagaliyev	President of LLP ILM
Mirgali S. Kunayev	Vice-President of Caspian Services Group
Sergei A. Tereshenko	President of JSC International Fund Integration
Yerlik S. Sharipov	President of LLP Bel
Samat S. Chukubayev	Executive Director of Association Kazakhstan Australia, General Director of LLP Syrymbet
Vladislav S. Lee	Chairman of the Management Board of the Bank

All members of the Board of Directors were elected in April 2003 for a period of five years. The business address of the Board of Directors is the Bank's registered office.

Management Board

The Management Board is responsible for the day-to-day management and administration of the Bank activities. The Bank's Management Board has all executive powers, while the Board of Directors plays a supervisory role. The Management Board's responsibilities include making executive business decisions, implementing the Bank's business strategy, appointing senior management, approving all loans to customers of between US$3 million and US$10 million; and dealing with all other matters not reserved to the Board of Directors or the General Meeting of Shareholders.

Conflicts of Interest

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

The name, age and certain other information about each of the current members of the Management Board are set out below:

Vladislav S. Lee (49), Chairman, graduated from the Almaty Institute of the National Economy in 1982 with a degree in Finance and Credit. He commenced his career in 1982 as Chief Economist of Economic Planning Division of the Kazakhstan State Bank of the former USSR. In 1988, Mr. Lee joined KazZhilSotsBank as Head of the Credit and Finance Division. In 1997 he moved to CJSC Zhilstroibank and took a position as First Deputy Chairman of the Board. He has been in his current position since June 1998.

Magaz N. Yerdessov (48), Deputy Chairman, graduated from Leningrad Institute of Finance and Economics in 1979 and worked as a Senior Economist in the Ministry of Finance of the former Kazakhstan Soviet Socialist Republic until 1991. From 1991 to 1993, he was Head of the Financial and International Division Department of Taim Bank. He also worked at Han Bank from 1993 to 1997, before joining Kazakhstan International Bank as Vice-President, a position he held until 2000. In March 2000, he became Deputy Chairman of the Bank.

Bulan A. Adilkhanov (47), Deputy Chairman, graduated from Kazakhstan Teachers' Training College in 1980. In 1996, he graduated from Kazakhstan State University of Management with a degree in Economics. He began working in 1983 as Chief Co-ordinator of the construction company Alma AtaOblKolkhozStroy. In 1986, he joined the Ministry of Education as an adviser to the Minister. He joined the Bank in 1993 and has been in his current position since June 1997.

Medet I. Rakhimbayev (43), Deputy Chairman, graduated from Kazakhstan Polytechnics Institute in 1985. He also has an economics degree from Eurasian Institute of Market. He started to work as an Engineer of Technical Production at Corporation Granit; from 1991 to 1994, he worked as Head of IT at CenterBank. In 1995, Mr. Rakhimbayev became Head of the Payment Systems Division of the Bank and in January 1998 was appointed Deputy Chairman of the Bank.

Maksat K. Alzhanov (44), Deputy Chairman, graduated from Ust-Kamenogorsk Road Construction Institute in 1985. In 1996, he graduated from Kazakhstan State University of Management with a degree in Finance and Credit. From 1988 to 1994, he worked at the National Security Committee. He joined the Bank in 1994 and has been in his current position since December 1996.

The business address of each of the members of the Management Board is the Bank's registered office. There are no potential conflicts of interest between any duties of the managing directors towards the Bank and their private interests and/or other duties.

Management Remuneration

In accordance with the Bank's charter, the compensation of the members of the Board of Directors and Management Board is determined by the shareholders of the Bank.

The following table sets out the principal amount of loans outstanding to members of the Board of Directors and the Management Board as at 30 September 2006:

Name	Principal amount outstanding (*KZT thousands*)
Bakhytbek R. Bayseitov	222,442
Bulan A. Adilkhanov	227,069
Maksat K. Alzhanov	112,862
Medet I. Rakhimbayev	168,744
Jumageldi R. Amankulov	181,132
Magaz N. Yerdessov	186,205
Vladislav S. Lee	235,670
Zaras A. Akhmetov	1,900
Total	**1,336,024**

There are no other outstanding loans or guarantees granted by the Bank to any member of the Board of Directors or the Management Board or to any parties related to them.

The aggregate direct shareholdings of the Bank's senior and middle management, excluding Mr. Bayseitov, is 22.11 per cent. The following table sets out information on the direct ownership of common shares by the directors and senior and middle management of the Bank, excluding Mr. Bayseitov, as at 15 January 2007:

Name	Shareholding (per cent.)
Sergei A. Tereshenko	0.23
Jumageldi R. Amankulov	4.72
Yerlik S. Sharipov	0.1
Vladislav S. Lee	7.73
Bulan A. Adilkhanov	0.64
Maksat K. Alzhanov	0.65
Medet I. Rakhimbayev	0.64
Magaz N. Yerdessov	0.96
Middle management	6.44
Total	**22.11**

Principal Shareholders

The Bank's common shares are listed on the "A" List of the Kazakhstan Stock Exchange. The Bank has more than 700 shareholders. The following table sets out information as to the principal shareholders of the Bank as at 15 January 2007:

Name	Shareholding (per cent.)
Mr. Bakhytbek R. Bayseitov	28.73
Management	22.11
Other	49.16
Total	**100.00**

Although Mr. Bayseitov and the directors and senior management of the Bank own or control indirectly or directly more than a majority of the common shares of the Bank, there is no understanding in place as to how to exercise voting rights in relation to those shares. Because Mr. Bayseitov owns indirectly or directly more than 25% of the Bank's common shares, he is in effect able to veto major corporate decisions required to be approved by the shareholders in a general meeting.

Internal Audit Division

The internal audit division oversees the financial control of the Bank's activities and inspects the Bank's branches to determine compliance by them with applicable internal regulations. Members of the internal audit division have the right to attend meetings of the Management Board and to participate in discussions. However, they do not have the right to vote at such meetings. The current Head of the internal audit division is Gulsara K. Besbayeva.

TRANSACTIONS WITH RELATED PARTIES

Related parties, defined in accordance with IAS 24, include entities and natural persons that are shareholders, affiliates or entities under common management or control of the Bank.

The following table sets forth the total outstanding related party transactions of the Bank as at the dates indicated:

	As at 30 September 2006		As at 31 December 2005		As at 31 December 2004		As at 31 December 2003	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
	(*unaudited*)		(*KZT thousands*)		(*KZT thousands*)		(*KZT thousands*)	
Loans to customers, gross	9,608,093	348,151,457	4,108,203	216,843,769	1,294,523	95,395,130	450,958	54,356,251
Allowance for impairment losses on loans to customers......	(692,344)	(13,832,740)	(337,336)	(9,033,411)	(22,294)	(4,082,689)	(68,872)	(2,287,490)
Customer accounts	76,266	202,705,624	345,100	140,401,275	338,626	91,690,719	-	47,928,734
Guarantees issued..	1,271	23,571,574	8,668	14,841,730	5,040	9,062,886	5,913	3,907,898

Included in interest income and expense for the nine months ended 30 September 2006 and 2005 are the following amounts arising from transactions with related parties:

	Nine months ended 30 September 2006		Nine months ended 30 September 2005	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
	(*KZT thousands*)		(*KZT thousands*)	
	(*unaudited*)			
Interest income		33,500,000		17,216,823
Related companies...	437,220	-	153,598	-
Directors	46,789	-	22,075	-
Interest expense	-	(20,739,522)	-	(9,491,624)
Related companies...	(2,914)	-	(5,576)	-
Salary for key management personnel	(70,467)	(7,445,656)	(54,303)	(4,874,020)

Transactions with related parties entered by the Group during the nine months ended 30 September 2006 and 2005 and outstanding as at 30 September 2006 and 2005 were made in the normal course of business and under arms' length conditions.

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 internal currency market 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 KZT88 per US dollar to a rate of about KZT130 per US dollar by May 1999. For the next three years, the Tenge generally continued to depreciate in nominal terms against the US dollar, although since 2002 it has, overall, strengthened against the US dollar.

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

Year ended 31 December	**Period-end**	**High**	**Average[(1)]**	**Low**
1999	138.20	141.00	119.65	83.80
2000	144.50	144.50	142.13	138.20
2001	150.20	150.20	146.73	145.00
2002	155.60	155.60	153.28	150.60
2003	144.22	155.89	149.50	143.66
2004	130.00	143.33	136.05	130.00
2005	133.77	136.12	132.14	129.83

Quarter ended	**Period-end**	**High**	**Average[(1)]**	**Low**
31 March 2004	138.93	142.91	139.65	138.41
30 June 2004	136.06	138.92	137.19	136.00
30 September 2004	134.29	134.36	134.30	134.28
31 December 2004	130.00	134.41	131.35	130.00
31 March 2005	132.59	132.59	130.21	129.83
30 June 2005	135.26	136.00	132.18	130.28
30 September 2005	133.89	136.12	135.12	133.89
31 December 2005	133.77	134.42	131.05	133.46
31 March 2006	128.45	133.82	132.57	127.40
30 June 2006	118.69	128.95	124.50	118.26
30 September 2006	127.22	127.22	122.31	117.25

(1) The average of the middle rate reported by the NBK on each day during the relevant period.

The middle KZT/US dollar exchange rate on the Kazakhstan Stock Exchange, as reported by the NBK on 30 September 2006, was KZT127.22 per US$1.

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 US dollar amounts or that such amounts could have been converted into US 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 in 1996. According to this law, all current account operations, including transfers of dividends, interest and other investment income, may be made without restriction. Only certain outflowing capital account operations need to be licensed by or registered with the NBK. Capital inflows are registered and monitored for statistical purposes only, but are not restricted.

Following the influx of US dollars into Kazakhstan due to the rising oil prices, a number of steps aimed to liberalise the currency control regime were undertaken in Kazakhstan from 2002 to 2004. The new currency control law and supporting regulations came into effect at the end of 2005, as the major step towards achieving the liberalisation of currency operations, extension of export of capital and elimination of double control. Among other things, the new currency control rules substantially expand the scope of Kazakhstan investors that can invest abroad and eases the requirements for international financing to Kazakhstan.

Specifically, no NBK license is currently required (i) for a Kazakhstan financial organisation to open accounts in foreign banks in connection with transactions with financial instruments on international securities markets or for a Kazakhstan legal entity to open accounts in foreign banks for the purposes of securing its obligations towards non-resident lenders; (ii) for certain Kazakhstan financial organisations, or other residents acting through a licensed professional securities market participant, to acquire foreign securities or to enter into derivative transactions with non-residents; (iii) for an acquisition by residents of more than 10 per cent. of the voting shares of a non-resident company.

Currency control limitations were further eased for Kazakhstan banks and, currently, with respect to most of their off-shore operations, banks must only notify the NBK of such operations.

Commencing from 1 January 2007, it will not be necessary to obtain an NBK license for any currency operations including, among others, the opening by Kazakhstan residents of an account in foreign banks. Further, commencing in 1 January 2007, most of the currency operations will only require mere notification to the NBK.

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.

The Government and the NBK have also undertaken significant structural reforms in the banking sector, aimed at promoting consolidation and improving the overall viability of the system.

The National Bank of Kazakhstan and the 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.

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 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. On 30 September 2005, the FMSA adopted a resolution (as amended in November 2005, May 2006 and June 2006) to set limits and rules for calculating capital adequacy, single party exposure, liquidity ratios and open currency positions. 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.

In December 1999, a self-funded domestic deposit insurance scheme was established and as at 31 December 2006, 33 banks, including subsidiaries of foreign banks and the Bank, were covered by the scheme. The insurance coverage is presently limited to personal time deposits in any currency and current accounts 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.

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

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 introduce the concepts of hybrid capital eligible to be included in Tier I and Tier II capital, Tier III capital (qualified subordinated debt) and operational and market risks, and include rules for calculating risk with respect to derivatives. Further, the new regulations establish reduced capital adequacy ratios for banks one of whose shareholders is a bank holding company. Such reduced rates are 5.0 per cent. for the Kl ratio (compared to a generally applicable ratio of 6.0 per cent.) and 10.0 per cent. for the K2 ratio (compared to a generally applicable ratio of 12.0 per cent.). A bank holding company is an entity, whether domestic or foreign, that owns more than 25.0 per cent. of the voting shares of a Kazakhstan bank and has received the FMSA's permission to be a bank holding company. Separately, the FMSA introduced more stringent requirements for internal risk management and supervision on a consolidated basis (for banks and bank holding companies).

In July 2006, the NBK introduced new reserve requirements in an effort to limit borrowings, including foreign borrowings, as the result of concerns about excessive money supply in the economy predominantly from abroad. 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 8.0 per cent. from 6.0 per cent., although borrowings from residents except as mentioned above will remain at 6.0 per cent. In common with a number of other banks in Kazakhstan, a significant portion of the Bank's funding is in dollars and from capital markets.

In addition, the FMSA has recently implemented new measures that, among other things, limit a bank's outstanding external short-term financings to an amount equal to its own capital which may prevent the Bank from extending some of its short-term facilities and require it to find longer term financings or customer deposits.

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

Commercial Banks

According to the NBK, as at 31 December 2006, there were 33 banks in Kazakhstan, excluding the DBK and NBK, compared to 38 as at the end of 2002 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 nine months due to violations of prudential standards. In December 2006, the FMSA revoked the banking licence of JSC Valut-Transit Bank due to the violation of Kazakhstan laws, improper performance of contractual obligations and breach of prudential standards

The financial standing of Kazakhstan's banks varies. As at 31 October 2006, 22 of the 34 commercial banks (excluding DBK) had registered capital of over KZT2 billion, 11 banks had registered capital of KZT1 billion to KZT2 billion and one bank had registered capital of KZT500 million to KZT1 billion. There are no banks with registered capital of less than KZT500 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 second largest bank in Kazakhstan in terms of assets and shareholders' equity, with a focus on the corporate and retail banking sectors. As at 30 June 2006, Kazkommertsbank had 22 full service branches and 68 branches and retail outlets, a subsidiary in Kyrgyzstan, a representative office in London and exercised control over a Moscow bank. 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 January 1997. The Government's interest in TuranAlem was sold by auction in March 1998 for US$72 million to a group of investors from Kazakhstan. As at 30 September 2006, Bank TuranAlem was the largest private bank by assets and in terms of equity in Kazakhstan.

The extensive branch network of Halyk Savings Bank (593 retail outlets as at 30 September 2006) makes it one of the Bank's major competitors in the retail banking market. As at 30 September 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. DBK was established with a charter fund of KZT30 billion. Within the commercial banking sector, 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 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.

Whilst 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 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 is the second largest bank under foreign ownership 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.

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 and 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 Kazakhstan subsidiary or joint venture in order to operate as a bank in Kazakhstan.

As at 31 October 2006, there were 14 banks with foreign participation operating in Kazakhstan, including ABN Amro Bank Kazakhstan, Citibank Kazakhstan and HSBC Bank Kazakhstan. Under relevant legislation, "a bank with foreign participation" is defined as a bank with more than one-third foreign ownership. Banks with less than one-third foreign ownership are considered domestic banks.

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

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, as 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.

United States Federal Income Taxation

The following is a description of the material U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of the Notes by a holder thereof. This description only applies to the Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, holders that have a functional currency other than the U.S. dollar, tax-exempt organizations, certain former citizens and long-term residents of the United States, holders that will hold the Notes through a partnership or other pass through entity, dealers or traders in securities or foreign currencies, or holders that will hold a Note as part of a straddle, a hedging, conversion or other integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, disposition or retirement of the Notes and only addresses the U.S. federal income tax treatment of holders that acquire the Notes as part of the initial distribution at their initial issue price, which will equal the first price to the public (not acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money. Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing is subject to change, possibly with retroactive effect, or differing interpretations, which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes that, for U.S. federal income tax purposes, is: (i) a citizen or resident of the United States; (ii) a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) organised in or under the laws of the United States or any State or political subdivision thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a United States person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control.

A Non-U.S. Holder is a beneficial owner of the Notes that is neither a U.S. Holder nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences of acquiring, owning or disposing of the Notes.

U.S. Internal Revenue Service Circular 230 Disclosure

Pursuant to U.S. Internal Revenue Service Circular 230, we hereby inform you that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such description was written to support the marketing (within the meaning of U.S. Internal Revenue Service Circular 230) of the Notes. This description is limited to the U.S. federal tax issues described herein. It is possible that additional issues may exist that could affect the U.S. federal tax treatment of the Notes, or the matter that is the subject of the description noted herein, and this description does not consider or provide any conclusions with respect to any such additional issues. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Characterization of the Notes

The Issuer believes, and intends to take the position that, the Notes constitute debt for U.S. federal income tax purposes. If the Internal Revenue Service (the "IRS") were successful in challenging such position, the tax consequences to holders would differ from that described below. The discussion below assumes that the Notes constitute debt for U.S. federal income tax purposes.

Interest

It is expected, and this discussion assumes, that the stated principal amount of the Notes will not exceed by more than a de minimis amount (as set forth in the applicable U.S. Treasury Regulations) the issue price of the Notes. Therefore, interest paid to a U.S. Holder on a Note, including any additional amounts, will be includible in a U.S. Holder's gross income as ordinary interest income in accordance with the U.S. Holder's usual method of tax accounting. If, however, the stated principal amount of the Notes exceeds the issue price by more than a de minimis amount (as set forth in the applicable U.S. Treasury Regulations), a U.S. Holder (regardless of its method of tax accounting) will be required to include such excess in income as original issue discount as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. In addition, interest on the Notes will be treated as foreign source income for U.S. federal income tax purposes, including U.S. foreign tax credit limitation purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. For this purpose, for taxable years beginning before 1 January 2007, interest on the Notes should generally constitute "passive income", or in the case of certain U.S. Holders, "financial services income", and, for taxable years beginning after 31 December 2006, interest on the Notes should generally constitute "passive category income", or in the case of certain U.S. Holders, "general category income." Prospective investors should consult their own tax advisors as to foreign tax credit implications of interest paid or accrued in respect of a Note.

Subject to the discussion below under the caption "—*U.S. Backup Withholding Tax and Information Reporting*," payments of interest on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States.

Additional notes

Noteholders should be aware that additional notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such case, for U.S. federal income tax purposes, the new notes may be considered to have been issued with original issue discount, which may affect the market value of the original Notes since such additional notes may not be distinguishable from the original Notes.

Sale, Exchange, Retirement or Other Disposition

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange, retirement or other disposition (other than accrued but unpaid interest which will be taxable as such) and the U.S. Holder's adjusted tax basis in the Note. The U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, and any such gain or loss will be capital gain or loss. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to the gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if the U.S. Holder's holding period for the Notes exceeds one year (i.e., such gain is long-term capital gain). Any gain or loss realised on the sale, exchange, retirement or other disposition of a Note by a U.S. Holder generally would be treated as U.S. source gain or loss, as the case may be. The deductibility of capital losses is subject to limitations.

If any gain from the sale or exchange of the Notes is subject to Dutch or Kazakhstan tax, U.S. Holders may not be able to credit such taxes against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code, because such gain generally would be U.S. source income, unless such tax can be credited (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

Subject to the discussion below under the caption "—*U.S. Backup Withholding Tax and Information Reporting*," any gain realised by a Non-U.S. Holder, upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States or (ii) in the case of any gain recognised by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction.

U.S. Backup Withholding Tax and Information Reporting

A backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of the Notes that are U.S. persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Note to a holder of a Note that is a U.S. person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman, of principal, interest and proceeds of sale to a holder of a Note that is not a U.S. person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect. The backup withholding rate is 28 per cent. for taxable years through 2010.

Backup withholding is not an additional tax. A holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Kazakhstan Taxation

Under Kazakhstan law as presently in effect, payments of principal or 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 or 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. 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. However, any gains in relation to Notes which are admitted to the special trade platform (the "Special Trade Platform") of the regional financial centre of Almaty city will be subject to Kazakhstan income tax except for gains from a sale made on the Special Trade Platform by an individual who is a non-resident of Kazakhstan.

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 a rate of 15 per cent. Such withholding tax 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 to Non-Kazakhstan Holders under the Guarantee, other than under the Notes purchased on the Special Trade Platform, will be subject to withholding 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. respectively, unless reduced 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 Trust Deed) in respect of any such withholding, subject to certain exceptions set out in full in condition 9. See *"Terms and Conditions of the Notes"*. Payments to a Noteholder entitled to the benefits of a Kazakhstan Tax Treaty may be subject to a reduced rate of withholding tax.

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.

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 (statutorily defined term), directly or indirectly, holds (i) 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 (ii) holds rights to acquire, directly or indirectly, such interest or (iii) 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 the Notes 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 25.5 per cent. corporate income tax rate (a corporate income tax rate of 20.0 per cent. applies with respect to taxable profits up to €25,000 and 23.5 per cent. Over the following €35,000, the first two brackets for 2007).

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

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

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of the Notes, 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 percent. 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 the 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 (in Dutch "*normaal vermogensbeheer*") and does not derive benefits from the Notes that are (otherwise) taxable as benefits from other activities in The Netherlands (in Dutch "*resultaat uit overige werkzaamheden*").

A holder of the Notes 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 the Notes in respect or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

European Union Directive on Taxation on 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 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.

FORM OF NOTES AND TRANSFER RESTRICTIONS

The following information relates to the form, transfer and delivery of the Notes.

1. Form of Notes

All Notes will be in fully registered form, without interest coupons attached. Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in the Regulation S Global Note, which will be deposited on or about the Closing Date with Deutsche Bank AG, London Branch, as common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of BT Globenet Nominees Limited, as nominee for such common depositary in respect of interests held through Euroclear and Clearstream, Luxembourg.

Notes offered and sold in reliance on Rule 144A will be represented by interests in the Rule 144A Global Note, which will be registered in the name of Cede & Co., as nominee for, and which will be deposited on or about the Closing Date with Deutsche Bank Trust Company Americas as custodian (the "Custodian") for DTC. The Rule 144A Global Note (and any Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth below.

The Regulation S Global Note will have a Common Code and an ISIN and the Rule 144A S Global Note will have a Common Code, CUSIP number and an ISIN.

2. Transfer Restrictions

Rule 144A Notes

On or prior to the 40th day after the Closing Date, a beneficial interest in the Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the Rule 144A Global Note only upon receipt by the relevant Registrar of a written certification from the transferor (in the form set out in the schedule to the Paying Agency Agreement), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

A beneficial interest in the Rule 144A Global Note may also be transferred to a person who wishes to take delivery of such beneficial interest through the Regulation S Global Note only upon receipt by the relevant Registrar of a written certification from the transferor (in the form set out in the schedule to the Paying Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available) under the Securities Act.

Any beneficial interest in either the Rule 144A Global Note or the Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

The Notes are being offered and sold in the United States only to qualified institutional buyers within the meaning of and in reliance on Rule 144A. Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each purchaser of Notes offered hereby pursuant to Rule 144A will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A are used herein as defined therein):

(i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.

(ii) The Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

(iii) The Rule 144A Global Note and any Rule 144A Note Certificates issued in exchange for an interest in the Rule 144A Global Note will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE BANK THAT (A) THE NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR THE BANK, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THAT (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACKUP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THE NOTE REPRESENTED BY THIS CERTIFICATE.

THIS NOTE AND ALL RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR

TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

(iv) The Issuer, the Bank, the relevant Registrar, the Lead Managers and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements and if the purchaser is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Regulation S Notes

Each purchaser of Notes outside the United States pursuant to Regulation S, and each subsequent purchaser of such Notes in re-sales during the period which expires on and includes the 40th day after the later of the commencement of the offering of the Notes and the Closing Date (the "distribution compliance period"), will be deemed to have represented, agreed and acknowledged as follows:

(i) It is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer, the Bank or a person acting on behalf of such an affiliate.

(ii) It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that Regulation S Notes of a Series will be evidenced by a Regulation S Global Note. Before any interest in a Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.

(iv) It acknowledges that the Issuer, the Bank, the Trustee, the relevant Registrar, the Lead Managers and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agree that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer, the Bank or the Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

(v) it understands that the failure to provide the Issuer, the Trustee and any Paying Agent with the applicable U.S. federal income tax certifications (generally, a U.S. Internal Revenue Service Form W-9 (or successor applicable form) in the case of a person that is a "United States person" within the meaning of section 7701(a)(30) of the Code or an applicable U.S. Internal Revenue Service Form W-8 (or successor applicable form) in the case of a person that is not a "United States person" within the meaning of section 7701(a)(30) of the Code) may result in U.S. federal backup withholding from payments to the holder in respect of the Notes.

3. Exchange of Interests in Global Notes for Note Certificates

Registration of title to Notes initially represented by the Rule 144A Global Note in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted unless such depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary and the relevant Registrar has received a notice from the registered holder of the Rule 144A Global Note requested an exchange of a specified amount of the Rule 144A Global Note for individual note certificates (the "144A Note Certificates").

Registration of title to Notes initially represented by the Regulation S Global Note in a name other than the nominee of the common depositary for Euroclear and Clearstream, Luxembourg will only be permitted (i) if 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 (ii) following the failure to pay principal in respect of any Note at maturity or upon acceleration of any Note and the relevant Registrar has received a notice from the registered holder of the Regulation S Global Note requesting an exchange of the Regulation S Global Note for individual note certificates (the "Regulation S Note Certificates" and, together with the Rule 144A Note Certificates, the "Note Certificates").

In such circumstances, the relevant Global Note shall be exchanged in full for Note Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the relevant 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 Note Certificates to be executed and delivered to the relevant Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the relevant Registrar with (i) a written order containing instructions and such other information as the Issuer and the relevant Registrar may require to complete, execute and deliver such Note Certificates and (ii) in the case of the Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A Note Certificates issued in exchange for a beneficial interest in the Rule 144A Global Note shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

In addition to the requirements described under "*Transfer Restrictions*", the holder of a Note may transfer such Note only in accordance with the provisions of Condition 3 of the Terms and Conditions of the Notes.

Upon the transfer, exchange or replacement of a Rule 144A Note Certificate bearing the legend referred to under "Transfer Restrictions", or upon specific request for removal of the legend on a Rule 144A Note Certificate, the Issuer will deliver only Rule 144A Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

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

4. The Euroclear Operator, Clearstream, Luxembourg and DTC Arrangements

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Paying Agency Agreement, the Trust Deed and the Notes. Payments of principal, interest and Additional Amounts, if any, in respect of Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Bank, the Trustee, any Agent or any Manager or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Notes through DTC will receive, to the extent received by DTC from the Paying Agent, all distributions of principal and interest with respect to book-entry interests in the Notes from the Paying Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

Interest on the Notes (other than interest on redemption) will be paid to the holder shown on the Register on the fifteenth day before the due date for such payment (the "Record Date"). Trading between the Rule 144A Global Note and the Regulation S Global Note will therefore be net of accrued interest from the relevant Record Date to the relevant Interest Payment Date.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note to such persons will be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. As necessary, the relevant Registrar will adjust the amounts of Notes on the Register for the accounts of (i) BT Globenet Nominees Limited and (ii) Cede & Co. to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg on the one hand and DTC, on the other. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

Interests in the Regulation S Global Note and the Rule 144A Global Note will be in uncertificated book-entry form.

Trading between Euroclear and/or Clearstream, Luxembourg Accountholders

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 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.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement System.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg account-holder wishing to purchase a beneficial interest in the Regulation S Global Note (subject to such certification procedures as are provided in the Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder. On the settlement date, the Custodian will instruct the relevant Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first Business Day following the settlement date. See above concerning the Record Date for payment of interest.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to such certification procedures as are provided in the Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the relevant Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (i) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interest in the Notes free of payment to the relevant account of the DTC participant and (ii) instruct the relevant Registrar to (a) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note and (b) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. See above concerning the Record Date for payment of interest.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Bank, the Trustee, any Agent or any of the Lead Managers or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

5. Notices

So long as any of the Notes are represented by the Regulation S Global Note, notices required to be published in accordance with Condition 14 (*Notices*) may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders, provided: (i) that such notice is also delivered to the London Stock Exchange; and

(ii) so long as the Notes are admitted to trading on the London Stock Exchange plc and the rules of the London Stock Exchange so require, publication will also be made in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). So long as any of the Notes are represented by the Rule 144A Global Note, notices required to be published in accordance with Condition 14 (Notices) may be given by delivery of the relevant notice to DTC for communication to the relevant accountholders, provided: (i) that such notice is also delivered to the London Stock Exchange; and (ii) so long as the Notes are admitted to trading on the London Stock Exchange plc and the rules of the London Stock Exchange so require, publication will also be made in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*).

SUBSCRIPTION AND SALE

ING Bank N.V., London Branch and J.P. Morgan Securities Ltd. (the "Lead Managers") have, in a subscription agreement dated 24 January 2007 (the "Subscription Agreement") and made between the Issuer, the Bank and the 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 98.844 per cent. of their principal amount less a combined management, underwriting and selling commission of 0.45 percent. of their principal amount. The Issuer and the Bank have also agreed to reimburse the Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The 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, US 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 Lead Managers have agreed that, except as permitted by the Subscription Agreement, they 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, US persons, and that they will have sent to each dealer to which they sell Notes (other than a sale pursuant to Rule 144A) 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, US 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 if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Subscription Agreement provides that each Manager may directly or through its US broker dealer affiliate arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

United Kingdom

The Lead Managers have represented and agreed that:

(a) they have 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) they have 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

The Lead Managers have agreed that they 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.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Bank or by the 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 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 UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange Plc for the Notes to be admitted to trading on the London Stock Exchange Plc's Gilt Edged and Fixed Interest Market.

2. The Regulation S Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems with a Common Code of 028258585 and the International Securities Identification Number of XS0282585859. The 144A Notes have been accepted for clearance through DTC with a CUSIP number of 151870AA0, a Common Code of 028258712 and the International Securities Identification Number of US151870AA06.

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.

4. The creation and issue of the Notes was authorised by resolution of a duly organised meeting of the Managing Board of the Issuer dated 22 January 2007 and by a resolution of the General Shareholders Meeting of the Issuer held on 22 January 2007.

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

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

7. Since 31 December 2005, there has been (a) no material adverse change in the prospects of the Bank or the Bank's subsidiaries, and (b) no development involving an adverse change in the condition (financial or otherwise), position, prospects or general affairs of the Bank or the Bank's subsidiaries. Since 30 September 2006, there has been no significant change in the financial or trading position of the Bank or the Group.

8. The Issuer has not prepared financial statements. Since 4 January 2006 (the date of incorporation of the Issuer), there has been (a) no significant change in the financial or trading position of the Issuer or the Group and (b) no material adverse change, or any development involving an adverse change, in the financial position or prospects of the Issuer nor in the condition (financial or otherwise) or general affairs of the Issuer.

9. Neither the Issuer nor the Bank have entered into any material contracts outside the ordinary course of their businesses which could result in them being under an obligation or entitlement that is material to their ability to make payments under the Notes.

10. 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);

    (b) the Paying Agency Agreement;

    (c) the Subscription Agreement;

(d) the statutory documents of the Bank; and

(e) the deed of incorporation of the Issuer.

11. For so long as any Notes shall be outstanding, copies and, where appropriate, English translations 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 audited consolidated financial statements of the Bank for the years ended 31 December 2005, 2004 and 2003, prepared in accordance with IFRS together with the reports of Deloitte, LLP, the independent auditors;

(b) the unaudited condensed consolidated interim financial statements of the Bank for the nine months ended 30 September 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 Bank, prepared in accordance with IFRS.

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, although solely for the purpose of the issue of the Notes, the Bank published the financial statements referred to in paragraph (b) above. 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.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Joint Stock Company Bank CenterCredit:

We have audited the accompanying consolidated balance sheets of JSC Bank CenterCredit and its subsidiaries (the "Group") as of 31 December 2005, 2004 and 2003, the related consolidated income statements and statements of cash flows and changes in equity (the "consolidated financial statements") for the years then ended. These consolidated financial statements are the responsibility of the Group'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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2005, 2004 and 2003, and the consolidated results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Deloitte, LLP

7 December 2006

Almaty

JSC BANK CENTERCREDIT

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003
(In Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Interest income	4, 31	25,834,410	12,396,971	6,962,144
Interest expense	4, 31	(13,934,160)	(6,355,305)	(3,333,540)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		11,900,250	6,041,666	3,628,604
Provision for impairment losses on interest bearing assets	5	(5,396,226)	(2,418,052)	(1,434,198)
NET INTEREST INCOME		6,504,024	3,623,614	2,194,406
Net (loss)/gain on financial assets at fair value through profit or loss	6	(20,963)	92,756	111,886
Net realized (loss)/gain on investments available-for-sale	7	(5,060)	28,079	(16,034)
Net gain on foreign exchange operations	8	1,115,378	783,277	452,529
Fee and commission income	9	5,129,225	3,327,522	2,209,659
Fee and commission expense	9	(527,445)	(339,886)	(207,398)
Other income	10	456,439	287,138	173,359
NET NON-INTEREST INCOME		6,147,574	4,178,886	2,724,001
OPERATING INCOME		12,651,598	7,802,500	4,918,407
OPERATING EXPENSES	11, 31	(7,253,103)	(4,963,739)	(3,540,043)
OPERATING PROFIT		5,398,495	2,838,761	1,378,364
Provision for impairment losses on other transactions	5	(52,571)	(118,662)	(5,143)
Share of results of associates		-	4,100	871
PROFIT BEFORE INCOME TAX		5,345,924	2,724,199	1,374,092
Income tax expense	12	(582,537)	(284,585)	(121,076)
NET PROFIT		4,763,387	2,439,614	1,253,016
Attributable to:				
Equity holders of the parent		4,755,366	2,424,024	1,281,656
Minority interest		8,021	15,590	(28,640)
		4,763,387	2,439,614	1,253,016
EARINGS PER SHARE (KZT)	13	97.9	80.6	63.0

On behalf of the Board of Directors:

Lee V. S.
Chairman

7 December 2006
Almaty

Yerdessov M. N.
Chief Accountant

7 December 2006
Almaty

The notes on pages 8 to 52 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2005, 2004 AND 2003
(in Kazakhstani tenge and in thousands)

	Notes	31 December 2005	31 December 2004	31 December 2003
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	14	16,601,006	8,738,081	5,647,741
Loans and advances to banks	15	44,588,666	17,588,421	9,562,235
Financial assets at fair value through profit or loss	16	34,084,775	2,911,382	1,412,897
Loans to customers, less allowance for impairment losses	17, 30	207,810,358	91,312,441	52,068,761
Investments available-for-sale	18	17,719,809	21,478,739	8,999,865
Investments held-to-maturity	19	62,460	54,973	-
Fixed and intangible assets, less accumulated depreciation and amortization	20	6,105,415	3,887,790	2,688,497
Current income tax assets	12	241,837	119,675	29,061
Other assets, less allowance for impairment losses	21	3,016,702	2,115,168	1,423,846
TOTAL ASSETS		330,231,028	148,206,670	81,832,903
LIABILITIES AND EQUITY				
LIABILITIES:				
Loans and advances from banks	22	115,647,982	34,841,460	21,980,979
Customer accounts	23	140,401,275	91,690,719	47,928,734
Debt securities issued	24	33,590,145	1,510,157	-
Deferred income tax liabilities		-	-	62,403
Other liabilities	25	801,926	413,619	213,166
		290,441,328	128,455,955	70,185,282
Subordinated debt	26	13,578,243	7,475,295	4,160,537
Total liabilities		304,019,571	135,931,250	74,345,819
EQUITY:				
Equity attributable to the equity holders of the parent:				
Share capital	27	16,399,781	7,466,920	5,168,010
Investments available-for-sale fair value reserve		635,707	426,252	378,355
Fixed assets revaluation reserve		5,889	275,527	277,182
Retained earnings		9,067,728	4,042,724	1,617,045
		26,109,105	12,211,423	7,440,592
Minority interest		102,352	63,997	46,492
Total equity		26,211,457	12,275,420	7,487,084
TOTAL LIABILITIES AND EQUITY		330,231,028	148,206,670	81,832,903

On behalf of the Board of Directors:

Lee V. S.
Chairman

7 December 2006
Almaty

Yerdessov M. N.
Chief Accountant

7 December 2006
Almaty

The notes on pages 8 to 52 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003
(in Kazakhstani tenge and in thousands)

	Attributable to the equity holders of the parent						
	Share capital	Fixed assets revaluation reserve	Investments available-for-sale fair value reserve	Retained earnings	Total	Minority interest	Total equity
31 December 2002	3,168,010	282,779	366,110	329,792	4,146,691	2,083	4,148,774
Share capital increase	2,000,000	-	-	-	2,000,000	-	2,000,000
Gains on revaluation of investments available-for-sale, net of tax effect	-	-	12,245	-	12,245	-	12,245
Amortization of fixed assets revaluation reserve	-	(5,597)	-	5,597	-	-	-
Change of minority interest	-	-	-	-	-	73,049	73,049
Net profit	-	-	-	1,281,656	1,281,656	(28,640)	1,253,016
31 December 2003	5,168,010	277,182	378,355	1,617,045	7,440,592	46,492	7,487,084
Share capital increase	2,298,910	-	-	-	2,298,910	-	2,298,910
Gains on revaluation of investments available-for-sale	-	-	47,897	-	47,897	-	47,897
Amortization of fixed assets revaluation reserve	-	(1,655)	-	1,655	-	-	-
Change of minority interest	-	-	-	-	-	1,915	1,915
Net profit	-	-	-	2,424,024	2,424,024	15,590	2,439,614
31 December 2004	7,466,920	275,527	426,252	4,042,724	12,211,423	63,997	12,275,420
Share capital increase of:							
- ordinary shares	6,932,861	-	-	-	6,932,861	-	6,932,861
- preference shares	2,000,000	-	-	-	2,000,000	-	2,000,000
Gains on revaluation of investments available-for-sale	-	-	209,455	-	209,455	-	209,455
Amortization of fixed assets revaluation reserve	-	(1,592)	-	1,592	-	-	-
Disposal of special-purpose companies	-	(268,046)	-	268,046	-	-	-
Change of minority interest	-	-	-	-	-	30,334	30,334
Net profit	-	-	-	4,755,366	4,755,366	8,021	4,763,387
31 December 2005	16,399,781	5,889	635,707	9,067,728	26,109,105	102,352	26,211,457

On behalf of the Board of Directors:

Lee V. S.
Chairman

7 December 2006
Almaty

Yerdessov M. N.
Chief Accountant

7 December 2006
Almaty

The notes on pages 8 to 52 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003
(in Kazakhstani tenge and in thousands)

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	5,345,924	2,724,199	1,374,092
Adjustments for:			
Provision for impairment losses on interest bearing assets	5,396,226	2,418,052	1,434,198
Provision for impairment losses on other transactions	52,571	118,662	5,143
Depreciation and amortization	495,540	315,947	345,342
Unrealized (gain)/loss on on foreign exchange operations	19,413	110,030	32,868
Loss on sale of fixed and intangible assets	(14,946)	9,467	40,234
Change in interest accruals, net	1,302,944	64,553	(26,171)
Cash flow from operating activities before changes in operating assets and liabilities	12,597,672	5,760,910	3,205,706
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Loans and advances to banks	1,909,921	(7,810,523)	(2,847,539)
Financial assets at fair value through profit or loss	(31,108,673)	(1,483,066)	(1,412,897)
Loans to customers	(120,453,886)	(41,353,818)	(18,467,440)
Other assets	(692,791)	209,839	(711,119)
Increase/(decrease) in operating liabilities:			
Loans and advances from banks	80,282,973	12,701,031	13,016,520
Customer accounts	47,497,410	43,282,542	12,529,665
Other liabilities	388,307	200,453	193,648
Cash (outflow)/inflow from operating activities before taxation	(9,579,067)	11,507,368	5,506,544
Income tax paid	(704,699)	(437,602)	(71,907)
Net cash (outflow)/inflow from operating activities	(10,283,766)	11,069,766	5,434,637
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	(3,591,084)	(1,945,239)	(1,294,207)
Proceeds on sale of fixed and intangible assets	892,865	420,532	204,728
Increase in receivables of capital investments	(197,175)	(936,355)	-
Sale of subsidiaries, net of cash acquired	30,334	1,915	174,054
Proceeds on sale/(purchase) of investments available-for-sale, net	4,007,314	(12,356,638)	(3,623,066)
Proceeds on sale/(purchase) of investments held-to-maturity	(12,937)	(49,523)	-
Net cash inflow/(outflow) from investing activities	1,129,317	(14,865,308)	(4,538,491)

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003
(in Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of ordinary and preference share capital		8,932,861	2,298,910	2,000,000
Proceeds from debt securities issued		31,019,382	1,502,155	-
Subordinated debt		5,965,972	3,260,412	1,927,268
Net cash inflow from financing activities		45,918,215	7,061,477	3,927,268
Effect of changes in foreign exchange rate on cash and cash equivalents		906	9,382	1,790
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,764,672	3,275,317	4,825,204
CASH AND CASH EQUIVALENTS, beginning of the year	15	14,518,804	11,243,487	6,418,283
CASH AND CASH EQUIVALENTS, end of the year	15	51,283,476	14,518,804	11,243,487

Interest paid and received by the Group during the year ended 31 December 2005 amounted to KZT 10,999,883 thousand and KZT 24,255,266 thousand, respectively.

Interest paid and received by the Group during the year ended 31 December 2004 amounted to KZT 5,654,064 thousand and KZT 11,848,307 thousand, respectively.

Interest paid and received by the Group during the year ended 31 December 2003 amounted to KZT 3,286,232 thousand and KZT 6,900,724 thousand, respectively.

On behalf of the Board of Directors:

Lee V. S.
Chairman

7 December 2006
Almaty

Yerdessov M. N.
Chief Accountant

7 December 2006
Almaty

The notes on pages 8 to 52 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

(in Kazakhstani tenge and in thousands, unless otherwise stated)

1. ORGANISATION

JSC Bank CentercCredit (the "Bank") is a joint-stock bank, which was incorporated in the Republic of Kazakhstan and started its operations in 1988. The Bank is regulated by the National Bank of the Republic of Kazakhstan (the "NBRK") and Agency of the Republic of Kazakhstan for regulation and supervision of the financial market and financial institutions and conducts its business under license number 248 dated 24 January 2006 issued by the Agency of the Republic of Kazakhstan for regulation and supervision of the financial market and financial institutions. The Bank's primary business consists of commercial banking activities, trading with securities, loans, foreign currencies and derivative instruments, originating loans and guarantees.

The registered address is: 100, Shevchenko Street, Almaty, Kazakhstan.

The Bank has 19 branches in the Republic of Kazakhstan.

The Bank is a parent company of the banking group (the "Group"), consisting of the following enterprises consolidated in the financial statements:

Name	Country of operation	The Bank's ownership interest 2005	2004	2003	Type of operation
JSC Capital	Republic of Kazakhstan	85%	85%	50%	Pension Fund
LLP Center Leasing	Republic of Kazakhstan	51%	100%	100%	Finance lease of property
JSC KIB ASSET MANAGEMENT	Republic of Kazakhstan	100%	100%	100%	Securities trading
CenterCredit International B.V.	Netherlands	-	-	-	Formation of capital on international financial markets

JSC Capital was established as a closed joint stock company on 15 October 2001 in accordance with legislation of the Republic of Kazakhstan. On 24 December 2003 CJSC Capital was reregistered as a joint stock company, with certificate of state reregistration #43348 1910-AO. The main activity of the company is the attraction of pension contributions and performance of pension payments. JSC Capital manages pension contributions inflow and accumulation on individual pension accounts in accordance with the requirements of legislative authorities of the Republic of Kazakhstan. JSC Capital has a state general license # 0000021 for the attraction of pension funds and performance of pension payments, dated 19 January 2004.

LLP Center Leasing was established on 15 January 2002 as a limited liability partnership in accordance with legislation of the Republic of Kazakhstan, with certificate of state registration #45222-1910 -TOO. The main activity of LLP Center Leasing is leasing operations. In accordance with article 10 of the Republic of Kazakhstan Law "On financial leasing" LLP Center Leasing carries out leasing activity without license.

JSC KIB ASSET MANAGEMENT was established on 7 May 1998 as a limited liability partnership in accordance with legislation of the Republic of Kazakhstan. On 18 June 2003 LLP KIB ASSET MANAGEMENT was reregistered as a joint stock company, certificate of state reregistration #56185 –1910 -AO. The main activity of JSC KIB ASSET MANAGEMENT is operations with securities. The Company has a license #20030154 dated 5 June 1998 for brokerage and dealer activity on the Kazakhstan stock exchange with the right to maintain customer accounts as a nominal holder and license #0403200124 issued on 24 December 2003 for investment portfolio management.

CenterCredit International B.V was registered on 4 January 2006 in Rotterdam, Netherlands as a 100% special purpose subsidiary of the Bank. The Company's main activity is formation of capital on international financial markets.

The number of employees of the Group at 31 December 2005, 2004 and 2003 was 2,830, 2,106 and 1,746, respectively.

As of 31 December 2005 there were no shareholders, individually hold more than 10% of shares of the Bank.

These consolidated financial statements were authorized for issue by the Board of Directors on 7 December 2006.

2. BASIS OF PRESENTATION

Accounting basis

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements are presented in thousands of Kazakhstani Tenge ("KZT"), except for earning per share amounts and unless otherwise indicated. These consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except for the measurement at fair value of certain financial instruments and measurement of buildings at revalued amounts according to International Accounting Standards ("IAS") № 16 "Property, Plant and Equipment".

The Group maintains its accounting records in accordance with the Accounting policy authorized by the Resolution of the Board of Directors of the Group. These consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for impairment losses and the fair value of financial instruments.

Functional currency

The functional currency of these consolidated financial statements is Kazakhstani tenge ("KZT").

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its entities controlled by the Bank (its subsidiaries) made up to 31 December each year. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The minority interest is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The equity attributable to equity holders of the parent and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Recognition and measurement of financial instruments

The Group recognizes financial assets and liabilities on its consolidated balance sheet when, and only when, it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of the financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent accounts and term deposits with the NBRK with original maturity within 90 days, advances to banks in countries included in the Organization for Economic Co-operation and Development ("OECD").

Precious metals

Assets and liabilities denominated in precious metals are translated at the current rate computed based on the second fixing of the London Bullion Market rates using the KZT/USD exchange rate effective at the date. Changes in the bid prices are recorded in net gain/(loss) on operations with precious metals in other income/expense.

Loans and advances to banks

In the normal course of business, the Group maintains advances or deposits for various periods of time with other banks. Loans and advances to banks 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 amortized cost based on expected maturities. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss represent derivative instruments or securities acquired principally for the purpose of selling them in the near future, or are a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit-taking securities that upon initial recognition are designated by the Bank at fair value through profit or loss or is a derivative. Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. Fair values of derivative financial instruments are determined with the use of interest rate model. The Bank uses quoted market prices to determine fair value for financial assets at fair value through profit or loss. Fair value adjustment on financial assets at fair value through profit or loss is recognized in the consolidated income statement for the period. The Group does not reclassify financial instruments in or out of this category while they are held.

The Group enters into derivative financial instruments to manage currency and liquidity risks. Derivative financial instruments are entered into by the Group principally for trading purposes and include forwards on foreign currency. No derivatives are used by the Group for hedging purposes.

Repurchase and reverse repurchase agreements

The Group enters into sale and purchase back agreements ("repos") and purchase and sale back agreements ("reverse repos") in the normal course of its business. Repos and reverse repos are utilized by the Group as an element of its treasury management and trading business.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the consolidated financial statements and consideration received under these agreements is recorded as collaterized deposit received.

Assets purchased under reverse repos are recorded in the consolidated financial statements as cash placed on deposit which is collaterized by securities and other assets.

In the event that assets purchased under reverse repo are sold to third parties, the results are recorded with the gain or loss included in net gains/(losses) on respective assets. Any related income or expense arising from the pricing difference between purchase and sale of the underlying assets is recognized as interest income or expense.

Originated loans

Loans originated by the Group are financial assets that are created by the Group by providing money directly to a borrower or by participating in a loan facility.

Loans granted by the Group with fixed maturities are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the income statement according to nature of these losses. Subsequently, the loan carrying value is measured using the effective interest method. Loans to customers that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans and advances

Loans are written off against allowance for impairment losses in case of uncollectibility of loans and advances, including through repossession of collateral. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. The decision on writing off bad debt against allowance for impairment losses for all major, preferential, unsecured and insider loans should necessarily be confirmed with a procedural document of judicial or notary bodies certifying that at the time of the decision the debt could not be repaid (partially repaid) with the debtor's funds.

Allowance for impairment losses

The Group establishes an allowance for impairment losses of financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortised cost. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusted an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the risk assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to profit and loss and the total of the allowance for impairment losses is deducted in arriving at assets as shown in balance sheet. Factors that the Group considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, national and local economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset or group of financial assets.

It should be understood that estimates of losses involve an exercise of judgment. While it is possible that in particular periods the Group may sustain losses, which are substantial relative to the allowance for impairment losses, it is the judgment of management that the allowance for impairment losses is adequate to absorb losses incurred on the risk assets.

Finance leases

Financial lease are leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The lease classified as a finance lease if:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and,
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

The Group presents assets leased in as loans in the amounts equal to the net investment in lease value. Finance income is recognized so as to produce a constant periodic rate of return on the net investment outstanding. Initial direct costs are recognized as expenses when incurred.

Group as lessor

The Group 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 recognized as expenses when incurred.

Investments held-to-maturity

Investments held-to-maturity are debt securities with determinable or fixed payments. The Group has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost, less any allowance for impairment. Amortized discounts are recognized in interest income over the period to maturity using the effective interest method.

Investments available-for-sale

Investments available-for-sale represent debt and equity investments that are intended to be held for an indefinite period of time. Such securities are initially recorded at fair value. Subsequently the securities are measured at fair value, with such re-measurement recognized directly in equity until sold when gain/loss previously recorded in equity recycles through the consolidated income statement, except for foreign exchange gains or losses and interest income accrued using the effective interest method, which are recognized directly in the income statement. The Group uses quoted market prices to determine the fair value for the Group's investments available for sale. If the market for investments is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique. Dividends received are included in dividend income in the consolidated income statement.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, unless fair value can be reliably measured.

When there is objective evidence that such securities have been impaired, the cumulative loss previously recognized in equity is removed from equity and recognized in the income statement for the period. Reversals of such impairment losses on debt instruments, which are objectively related to events occurring after the impairment, are recognized in the consolidated income statement for the period. Reversals of such impairment losses on equity instruments are not recognized in the consolidated income statement.

Investments in corporate shares where the Group owns more than 20% of share capital, but does not have ability or intent to control or exercise significant influence over operating and financial policies, as well as investments in corporate shares where the Group owns less than 20% of share capital, are accounted for at fair value or at approximate fair value. If such value cannot be estimated, investments are accounted for at cost. Management periodically assesses realizability of the carrying values of such investments and provides valuation allowances, if necessary.

Fixed and intangible assets

Fixed and intangible assets are carried at historical cost less accumulated depreciation and any recognized impairment loss.

Depreciation of fixed and intangible assets is charged on the carrying value of fixed assets and is designed to write off assets over their useful economic lives. It is calculated on a straight line basis at the following annual prescribed rates:

Buildings	2-4%
Furniture and equipment	20-50%
Intangible assets	10-30%

Depreciation of assets under construction commences when the assets are put in use.

The carrying amounts of fixed and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

An impairment loss is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for fixed assets is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Kazakhstan, where the Group operates also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated income statement.

Deposits from banks and customers

Customers and bank deposits are initially recognized at fair value. Subsequently amounts due are stated at amortized cost and any difference between carrying and redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Debt securities issued

Debt securities issued represent debentures issued by the Group. They are accounted for according to the same principles used for customer and bank deposits.

Subordinated debt

Subordinated debt is initially recognized at fair value, which usually equals the issue proceeds less transaction costs incurred. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated income statement over the period of the borrowing using the effective interest method.

Provisions

Provisions are recognized when the Group 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.

Guarantees and letters of credit

Guarantees and letters of credit are initially recorded at estimated fair value and subsequently measured at amortised cost, effectively recognizing the commission received or paid over the life of the instrument. Guarantees issued are assessed on a regular basis and provision is created where the estimated loss exceeds the carrying value. Such estimated losses are determined based on the counterparty's financial position, compliance with the contract changes, and business environment issues.

Share capital

Share capital is recognized at restated cost.

External costs directly attributable to the issue of new shares are deducted from equity net of any related income taxes.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events After the Balance Sheet Date" and disclosed accordingly.

Retirement and other benefit obligations

The Group does not incur any expenses in relation to provision of pensions to its employees. In accordance with the legal requirements of the Republic of Kazakhstan, the Group withholds pension contributions from employee salaries and transfers them into pension funds. Current contributions by the employer are calculated as a percentage of current gross salary payments with the expense charged in the period in which the related salaries are earned. Upon retirement of employees, all pension payments are administered by the above pension funds. The Group does not have any other pension arrangements schemes.

Recognition of income and expense

Interest income and expense are recognized on an accrual basis using effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income also includes income earned on investments in securities. Other income is credited to consolidated income statement when the related transactions are completed. Loan origination fees, if significant, are deferred (together with related direct costs) and recognized as an adjustment to the loan's effective yield. Commission income/expenses are recognized on an accrual basis.

Fee and commission income

Fee and commission income includes loan origination fees, loan commitment fees, loan servicing fees and loan syndication fees. Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in profit and loss over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in profit and loss on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognised in profit and loss when the syndication has been completed. All other commissions are recognized when services are provided.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into KZT at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

Rates of exchange

The exchange rates at year-end used by the Group in the preparation of the consolidated financial statements are as follows:

	31 December 2005	31 December 2004	31 December 2003
KZT/USD	133.98	130.00	144.22
KZT/EUR	158.99	177.10	180.23

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fiduciary activities

The Group provides trustee services to its customers. Also the Group provides depositary services to its customers that include transactions with securities on their depo accounts. Assets accepted and liabilities incurred under the trustee activities are not included in the Group's consolidated financial statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten per cent or more of all the segments are reported separately. Geographical segments of the Group have been reported separately within these consolidated financial statements based on the ultimate domicile of the counterparty, e.g. based on economic risk rather than legal risk of the counterparty. Geographical segments of the Group, concerning income and expenses, have not been reported separately within these consolidated financial statements as the management of the Group considers the principal segment to be comprised of the Commonwealth of Independent States, including the Republic of Kazakhstan, (CIS) as the risks and returns are considered to be similar throughout the region. Further, more than 90% of the Group's operations are conducted within the CIS.

Reclassifications

Certain reclassifications have been made to the consolidated financial statements as at 31 December 2005 and for the year then ended previously reported as at 24 February 2006 to conform to the current presentation as at 31 December 2005 and for the year then ended.

Nature of reclassification	Amount	Balance sheet/Income statement line as per the previous report	Balance sheet/Income statement line as per current report
Cash and balances with the National Bank of the Republic of Kazakhstan	(1,175)	16,602,181	16,601,006
Loans and advances to banks	7,285,923	37,302,743	44,588,666
Securities purchased under agreement to resell	(7,285,923)	7,285,923	-
Loans to customers, less allowance for impairment losses	(76,074)	207,886,432	207,810,358
Current income tax assets	69,478	172,359	241,837
Other assets, less allowance for impairment losses	(68,303)	3,085,005	3,016,702
Loans and advances from banks	(26,445,539)	(89,202,443)	(115,647,982)
Securities sold under agreements to repurchase	26,445,539	(26,445,539)	-
Customer accounts	(808,434)	(139,592,841)	(140,401,275)
Other liabilities	884,508	(1,686,434)	(801,926)

Certain reclassifications have been made to the consolidated financial statements as at 31 December 2004 and for the year then ended to conform to the presentation as at 31 December 2005 and for the year then ended.

Nature of reclassification	Amount	Balance sheet/Income statement line as per the previous report	Balance sheet/Income statement line as per current report
Cash and balances with the National Bank of the Republic of Kazakhstan	(989)	8,739,070	8,738,081
Loans and advances to banks	7,843,313	9,745,108	17,588,421
Securities purchased under agreement to resell	(7,843,313)	7,843,313	-
Loans to customers, less allowance for impairment losses	(154,975)	91,467,416	91,312,441
Current income tax assets	81,386	38,289	119,675
Other assets, less allowance for impairment losses	(202,418)	2,317,586	2,115,168
Loans and advances from banks	122,021	(34,963,481)	(34,841,460)
Customer accounts	(323,031)	(91,367,688)	(91,690,719)
Other liabilities	478,006	(891,625)	(413,619)

Certain reclassifications have been made to the consolidated financial statements as at 31 December 2003 and for the year then ended to conform to the presentation as at 31 December 2005 and for the year then ended.

Nature of reclassification	**Amount**	**Balance sheet/Income statement line as per the previous report**	**Balance sheet/Income statement line as per current report**
Cash and balances with the National Bank of the Republic of Kazakhstan	(889)	5,648,630	5,647,741
Loans and advances to banks	68,182	9,494,053	9,562,235
Securities purchased under agreements to resell	(68,182)	68,182	-
Current income tax assets	29,061	-	29,061
Other assets, less allowance for impairment losses	(108,287)	1,532,133	1,423,846
Securities sold under agreement to repurchase	1,332,711	(1,332,711)	-
Loans and advances from banks	(1,252,596)	(20,728,383)	(21,980,979)
Customer accounts	(223,645)	(47,705,089)	(47,928,734)
Other liabilities	223,645	(436,811)	(213,166)

4. NET INTEREST INCOME

	Year ended 31 December 2005	**Year ended 31 December 2004**	**Year ended 31 December 2003**
Interest income			
Interest on loans to customers	23,193,507	10,897,119	6,229,448
Interest on debt securities	2,066,219	1,024,146	617,996
Interest on loans and advances to banks	512,842	390,352	82,054
Interest on reverse repurchase agreements	61,842	85,354	32,646
Total interest income	25,834,410	12,396,971	6,962,144
Interest expense			
Interest on customer accounts	6,971,053	4,254,115	2,371,351
Interest on loans and advances from banks	3,658,762	1,465,663	604,602
Interest on subordinated debt	3,268,053	612,559	342,047
Interest on repurchase agreements	36,292	22,968	15,540
Total interest expense	13,934,160	6,355,305	3,333,540
Net interest income before provision for impairment losses on interest bearing assets	11,900,250	6,041,666	3,628,604

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans to customers
31 December 2002	1,536,632
Provision	1,434,198
Write-off of assets	(631,903)
Transfer to other assets	(51,437)
31 December 2003	2,287,490
Provision	2,418,052
Write-off of assets	(1,137,494)
Recoveries of assets previously written off	514,641
31 December 2004	4,082,689
Provision	5,396,226
Write-off of assets	(820,485)
Recoveries of assets previously written off	374,981
31 December 2005	9,033,411

The movements in allowances for impairment losses on other transactions were as follows:

	Investment securities	**Other assets**	**Guarantees and other commitments**	**Total**
31 December 2002	44,000	63,581	67,622	175,203
Provision	-	31,144	(26,001)	5,143
Write-off of assets	-	(145,639)	(2,998)	(148,637)
Transfer from loans to customers	-	51,437	-	51,437
31 December 2003	44,000	523	38,623	83,146
Provision	-	68,148	50,514	118,662
Write-off of assets	(44,000)	(49,711)	-	(93,711)
Transfer from guarantees and other liabilities	-	(14,342)	14,342	-
31 December 2004	-	4,618	103,479	108,097
Provision	-	21,448	31,123	52,571
Write-off of assets	-	(19,957)	(5,377)	(25,334)
Recoveries of assets previously written off	-	740	-	740
31 December 2005	-	6,849	129,225	136,074

6. NET (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2005	**Year ended 31 December 2004**	**Year ended 31 December 2003**
Net gain on revaluation to fair value	104,381	181,572	(23,872)
Net loss on dealing	(125,344)	(88,816)	135,758
Total net (loss)/gain on financial assets at fair value through profit or loss	(20,963)	92,756	111,886

7. NET REALIZED (LOSS)/GAIN ON INVESTMENTS AVAILABLE-FOR-SALE

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Net (loss)/gain on realized revaluation	(4,032)	49,737	19,083
Dealing, net	(1,028)	(21,658)	(35,117)
Total net realized (loss)/gain on investments available-for-sale	(5,060)	28,079	(16,034)

8. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Dealing, net	1,106,170	889,116	485,201
Translation differences, net	9,208	(105,839)	(32,672)
Total net gain on foreign exchange operations	1,115,378	783,277	452,529

9. FEE AND COMMISSION INCOME AND EXPENSE

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Fee and commission income			
Cash operations	1,526,992	1,101,622	815,637
Settlements	1,461,652	1,063,609	681,450
Documentary operations	964,028	383,319	336,897
Trust operations	434,727	281,371	38,514
Foreign exchange operations	257,599	197,046	171,309
Loans operations	78,244	161,810	40,892
Internet – banking operations	71,627	29,678	15,876
Safe operations	14,925	13,830	38,601
Other operations	319,431	95,237	70,483
Total fee and commission income	5,129,225	3,327,522	2,209,659

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Fee and commission expense			
Settlements	261,531	183,518	100,492
Brokerage services	125,039	44,667	20,233
Documentary operations	49,801	36,817	7,821
Foreign exchange operations	19,768	25,847	11,576
Cash operations	9,865	4,789	30,061
Other operations	61,441	44,248	37,215
Total fee and commission expense	527,445	339,886	207,398

10. OTHER INCOME

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Penalties received, net	429,484	191,598	132,940
Income from sale of fixed assets and intangible assets and finished goods, net	16,541	93,059	40,419
Other	10,414	2,481	-
	456,439	287,138	173,359

11. OPERATING EXPENSES

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Staff costs	2,410,422	1,743,103	1,160,840
Taxes, other than income tax	796,611	317,730	197,687
Other employees' benefits	610,250	492,560	176,488
Lease expenses	502,215	238,938	108,569
Depreciation and amortization of fixed and intangible assets	495,540	315,947	345,342
Social security costs	383,872	261,725	251,215
Administrative expenses	336,581	368,153	218,702
Advertising expenses	332,650	303,591	290,480
Insurance expenses	292,406	134,499	125,410
Communication expenses	210,641	181,111	155,699
Repairs and maintenance expense	176,833	168,912	126,598
Business trip expenses	129,925	100,544	75,515
Entertainment expenses	66,875	83,442	48,570
Presentation expense	59,651	36,336	33,788
Professional services fees	41,324	26,709	96,473
Sponsorship	34,995	41,942	10,071
Other	372,312	148,497	118,596
	7,253,103	4,963,739	3,540,043

12. INCOME TAXES

The Group provides for taxes based on the statutory tax accounts maintained and prepared in accordance with the Kazakhstani statutory tax regulations which may differ from International Financial Reporting Standards.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as of 31 December 2005, 2004 and 2003 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as of 31 December 2005, 2004 and 2003 comprise:

	31 December 2005	31 December 2004	31 December 2003
Deferred assets			
Loans and advances to banks and customers	960,404	799,000	155,761
Revaluation of securities	121,971	-	-
Total deferred assets	1,082,375	799,000	155,761
Deferred liabilities			
Fixed assets	(507,845)	(671,370)	(513,517)
Total deferred liabilities	(507,845)	(671,370)	(513,517)
Net deferred assets/(liabilities)	574,530	127,630	(357,756)
Net deferred tax assets/(liabilities) at the statutory tax rate	172,359	38,289	(107,327)
Loss carry forward	-	-	44,924
Net deferred tax assets/(liabilities)	172,359	38,289	(62,403)

Relationships between tax expenses and accounting profit for the years ended 31 December 2005, 2004 and 2003 are explained as follows:

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Profit before income tax	5,345,924	2,724,199	1,374,092
Tax at the statutory tax rate	1,603,777	817,260	412,228
Loss carry forward	-	-	(29,973)
Tax effect of permanent differences	(887,170)	(431,983)	110,278
Change in deferred tax asset	(134,070)	(100,692)	(371,457)
Income tax expense	582,537	284,585	121,076
Current income tax expense	716,607	385,277	58,673
(Recovery)/provision for deferred tax	(134,070)	(100,692)	62,403
Income tax expense	582,537	284,585	121,076

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Deferred income tax assets/(liabilities)			
1 January	38,289	(62,403)	-
Change in the deferred tax for the year	134,070	100,692	(62,403)
31 December	172,359	38,289	(62,403)

Income tax assets consist of the following:

	31 December 2005	31 December 2004	31 December 2003
Current income tax assets	69,478	81,386	29,061
Deferred income tax assets	172,359	38,289	-
Income tax assets	241,837	119,675	29,061

13. EARNINGS PER SHARE

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
Net income	4,755,366	2,424,024	1,281,656
Weighted average number of ordinary shares	48,568,811	30,085,051	20,340,124
Earnings per share (KZT)	97.9	80.6	63.0

14. CASH AND BALANCES WITH THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

	31 December 2005	31 December 2004	31 December 2003
Cash on hand	7,338,880	3,487,054	2,953,350
Time deposit with the National Bank of the Republic of Kazakhstan	6,500,000	3,000,000	300,000
Balance with the National Bank of the Republic of Kazakhstan	2,760,182	2,250,133	2,394,391
Accrued interest income	1,944	894	-
Total cash and balances with the National Bank of the Republic of Kazakhstan	16,601,006	8,738,081	5,647,741

Cash and cash equivalents for the purposes of the statement of cash flows comprised the following:

	31 December 2005	31 December 2004	31 December 2003
Cash and balance with the National Bank of the Republic of Kazakhstan	16,601,006	8,738,081	5,647,741
Loans and advances to banks in OECD countries	34,682,470	5,780,723	5,595,746
Total cash and cash equivalents	51,283,476	14,518,804	11,243,487

15. LOANS AND ADVANCES TO BANKS

	31 December 2005	31 December 2004	31 December 2003
Loans and advances to banks	29,335,132	8,986,069	6,513,721
Correspondent accounts with other banks	7,943,400	729,305	2,979,727
Loans under reverse repurchase agreements	7,266,251	7,837,583	64,009
Accrued interest income on loans and advances to banks	43,883	35,464	4,778
Total loans and advances to banks	44,588,666	17,588,421	9,562,235

As of 31 December 2005, 2004 and 2003 the Group had loans and advances to 6, 3 and 3 banks, respectively, totaling KZT 42,462,322 thousand, KZT 4,830,700 thousand and KZT 3,341,112 thousand, respectively, balances of which individually exceeded 10% of the Group's equity.

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements as of 31 December 2005, 2004 and 2003 are presented as follows:

	31 December 2005		31 December 2004		31 December 2003	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Kazakh companies	5,750,258	3,971,255	45,152	31,291	-	-
Bonds of the Ministry of Finance of the Republic of Kazakhstan	2,980,241	2,700,007	2,074,376	1,881,002	-	-
Bonds of Kazakh companies	473,502	383,989	556,546	455,290	78,742	64,009
Notes of the National Bank of the of the Republic of Kazakhstan	120,983	111,000	5,757,897	5,470,000	-	-
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	102,984	100,000	-	-	-	-
Total	9,427,968	7,266,251	8,433,971	7,837,583	78,742	64,009

Interest accrued as of 31 December 2005, 2004 and 2003 amounted to KZT 19,672 thousand, KZT 5,730 thousand и KZT 4,173 thousand, respectively.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Interest to nominal %	31 December 2005	Interest to nominal %	31 December 2004	Interest to nominal %	31 December 2003
US treasury bonds	2.63-4.25	29,208,150	3.66-4.37	516,046	3.38-4.25	288,974
Bank of Development of the Republic of Kazakhstan bonds	6.50-8.50	1,619,714	4.24-6.17	1,528,245	7.13-7.38	878,903
Germany treasury bonds	2.24	792,425	-	-	-	-
JSC BTA Ipoteka bonds	8.50-9.90	642,666	-	-	-	-
JSC Vita bonds	9.95	424,108	-	-	-	-
JSC Halyk Saving Bank Kazakhstan bonds	7.75	303,701	7.35-11.04	68,760	-	-
JSC Kaztranscom bonds	8.00	174,379	-	-	-	-
JSC TexakaBank bonds	9.90	158,154	-	-	-	-
JSC ATF Bank bonds	8.88-9.00	154,955	-	-	-	-
JSC Alliance Bank bonds	8.50-10.30	153,963	9.37-10.03	100,318	-	-
TuranAlem Finance B.V. bonds	10.00	148,888	5.93-5.97	299,240	-	-
Kazkommerts International B.V. bonds	10.13	143,734	5.66-15.69	287,020	-	-
JSC Caspian Bank bonds	8.50	98,187	-	-	-	-
JSC KazTransOil bonds	-	-	-	-	8.50	123,366
JSC BankTuranAlem bonds	-	-	-	-	10.0-11.5	121,654
Other	-	61,751	-	111,753	-	-
Total financial assets at fair value through profit or loss		34,084,775		2,911,382		1,412,897

As of 31 December 2005, 2004 and 2003 included in financial assets at fair value through profit or loss is accrued interest income on debt securities amounting to KZT 95,491 thousand, KZT 30,771 thousand and KZT 15,352 thousand, respectively.

Corporate bonds represent bonds of prime Kazakhstani corporations with maturities between 3 and 10 years.

US State Treasury Bonds are USD denominated government securities with maturities between 5 and 10 years.

17. LOANS TO CUSTOMERS

	31 December 2005	31 December 2004	31 December 2003
Originated loans	208,969,257	92,442,055	52,450,179
Net investment in finance lease	4,278,650	817,789	198,112
Accrued interest income on loans to customers	3,595,862	2,135,286	1,707,960
	216,843,769	95,395,130	54,356,251
Less allowance for impairment losses	(9,033,411)	(4,082,689)	(2,287,490)
Total loans to customers, net	207,810,358	91,312,441	52,068,761

	31 December 2005	31 December 2004	31 December 2003
Loans collateralized by real estate	148,283,910	60,405,118	33,931,368
Loans collateralized by goods in turnover	33,705,494	13,793,562	7,326,880
Loans collateralized by equipment	24,565,554	9,566,935	5,285,867
Loans collateralized by other assets	3,743,768	4,924,723	3,317,036
Loans collateralized by corporate guarantees	2,378,413	2,772,578	1,758,141
Loans collateralized by cash	2,082,393	2,382,910	1,115,362
Loans collateralized by precious metals	267,496	893,637	817,023
Unsecured loans	1,816,741	655,667	804,574
	216,843,769	95,395,130	54,356,251
Less allowance for impairment losses	(9,033,411)	(4,082,689)	(2,287,490)
Total loans to customers, net	207,810,358	91,312,441	52,068,761

Movements in allowances for impairment losses for the years ended 31 December 2005, 2004 and 2003 are disclosed in Note 5.

	31 December 2005	31 December 2004	31 December 2003
Analysis by sector			
Retail loans and mortgage	66,826,512	19,298,577	8,386,031
Trading	41,586,282	21,703,923	14,366,127
Construction	22,903,700	6,685,046	2,360,533
Agriculture	19,439,428	6,485,437	2,619,504
Food industry	15,285,226	10,430,436	7,445,442
Manufacturing	12,325,166	11,698,719	6,160,992
Oil and gas	8,963,713	4,689,029	1,486,922
Real estate	8,779,750	3,051,981	1,523,321
Transportation and equipment maintenance services	5,370,465	4,122,654	2,386,916
Mining and production of precious metals	3,289,972	3,090,033	3,725,974
Mass media	2,364,619	981,140	466,034
Financial sector	1,973,701	30,798	70,537
Telecommunications and transport	1,219,041	998,126	1,554,075
Machinery	806,482	168,384	74,377
Energy	133,630	124,748	364,592
Metallurgy	1,083	255,765	323,877
Other	5,574,999	1,580,334	1,040,997
	216,843,769	95,395,130	54,356,251
Less allowance for impairment losses	(9,033,411)	(4,082,689)	(2,287,490)
Total loans to customers, net	207,810,358	91,312,441	52,068,761

The components of net investment in finance lease as of 31 December 2005, 2004 and 2003 are as follows:

	31 December 2005	31 December 2004	31 December 2003
Total minimum lease and maintenance payments	4,278,650	817,789	198,112
Less: executory costs	-	-	-
Net minimum lease payments	4,278,650	817,789	198,112
Less: unearned finance income	-	-	-
Net investment in finance lease	4,278,650	817,789	198,112
Current portion	331,456	269,821	65,377
Long-term portion	3,947,194	547,968	132,735
Net investment in finance lease	4,278,650	817,789	198,112

The present value of future minimum lease payments due from customer under finance lease as of 31 December 2005, 2004 and 2003 are as follows:

	31 December 2005	31 December 2004	31 December 2003
Not later than one year	331,456	269,821	65,377
From one year to five years	3,947,194	547,968	132,735
Total present value of future minimum lease payments	4,278,650	817,789	198,112

As of 31 December 2005, 2004 and 2003 included in loans to customers are non-accrual loans amounting to KZT 661,996 thousand, KZT 518,578 thousand and KZT 489,888 thousand, respectively, on which interest was not accrued.

As of 31 December 2005, 2004 and 2003 the Group had 9, 8 and 13 loans to customers totaling KZT 32,777,641 thousand, KZT 18,704,097 thousand and KZT 14,760,011, respectively, balances of which individually exceeded 10% of the Group's equity.

18. INVESTMENTS AVAILABLE-FOR-SALE

	Interest to nominal %	31 December 2005	Interest to nominal %	31 December 2004	Interest to nominal %	31 December 2003
Debt securities						
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	4.00-8.35	6,585,916	2.86-5.72	6,145,628	4-16.3	1,911,943
NBRK notes	-	3,025,037	-	9,787,145	-	2,348,494
JSC Kazakhstan Mortgage Company	8.40-9.70	2,771,157	6.2-7.8	2,738,117	9	1,114,287
Eurobonds issued by the Republic of Kazakhstan	8.40-9.70	2,186,596	3.49-3.72	1,267,458	11.13-13.63	1,769,905
JSC Halyk Saving Bank Kazakhstan	5.00-11.8	864,288	7.35-11.04	753,565	7.7-11.45	469,856
JSC BTA Ipoteka	8.50	652,504	-	-	-	-
JSC Bank TuranAlem	9.90-12.00	555,947	-	-	-	-
JSC Bank Caspian	9.00	283,021	8.37	293,401	-	
JSC ATF Bank	8.50	204,439	-	-	-	--
Municipal bonds of state local authorities	8.60	160,206	11.21	146,972	-	-
JSC Astana Finance	10.40	120,210	8.21-11.16	126,251	9	15,489
JSC Valut Transit Bank	9.00	89,155	12.35	88,809	10	227,471
CJSC Kazatomprom	8.50	60,925	-	-	-	-
JSC Alliance Bank	9.00	1,331	9.37-10.03	1,306	-	-
Kazkommerts International B.V.	-	-	5.66-15.69	5,155	-	-
JSC Kostanay Minerals	-	-	-	-	12	123,221
JSC Almaty Kus	-	-	-	-	10	267,445
JSC Development Bank of Kazakhstan	-	-	-	-	7.38	301,750
Other securities	-	1,102	-	367		4,159
		17,561,834		21,354,174		8,554,020
	Shares %		**Shares %**		**Shares %**	
Equity securities						
JSC Oil Insurance Company	5.48	42,412	5.7	41,091	5.45	37,606
First credit bureau LLP	18.4	37,260	14.29	4,050	-	-
JSC Pension Fund Atameken	12.47	36,700	12.47	36,700	6.57	17,400
JSC Pension Fund Korgau	9.44	28,328	9.44	28,328	5.58	17,000
JSC Processing Center	1.37	10,000	1.37	10,000	1.37	10,000
JSC Kazakhstan Stock Exchange	2.14	2,200	2.28	2,200	2.78	2,200
Association of Financiers of Kazakhstan	16.6	675	16.6	675	16.6	675
JSC Central Depositary of Securities	1.5	400	2.5	200	2.5	200
JSC Alliance Bank	-	-	-	-	6.9	250,000
JSC ValutTranzitBank	-	-	-	-	2.9	91,429
JSC Halyk Bank Kazakhstan	-	-	-	-	-	6,378
JSC Kazakhtelecom	-	-	-	-	-	1,792
Other	-	-	-	1,321	-	11,165
		157,975		124,565		445,845
Total investments available-for-sale		17,719,809		21,478,739		8,999,865

Interest accrued as of 31 December 2005, 2004 and 2003 amounted to KZT 220,529 thousand, KZT 181,600 thousand and KZT 107,261 thousand, respectively.

19. INVESTMENTS HELD-TO-MATURITY

	Interest to nominal %	31 December 2005	Interest to nominal %	31 December 2004	Interest to nominal %	31 December 2003
Bonds of Kazakhstan Mortgage Company	7.2-7.6	33,707	8.09-11.25	3,909	-	-
OJSC Astana Finance	9	16,584	9	2,572	-	-
Notes of NBRK	7.5	10,169	-	6,653	-	-
Development Bank of the Republic of Kazakhstan	8.5	2,000	9.5	1,795	-	-
OJSC TexaKaBank	-	-	11	40,044	-	-
Total investments held-to-maturity		62,460		54,973		-

Interest accrued as of 31 December 2005, 2004 and 2003 amounted to KZT 5,450 thousand, nil and nil, respectively.

20. FIXED AND INTANGIBLE ASSETS LESS ACCUMULATED DEPRECIATION AND AMORTIZATION

	Building	Furniture and equipment	Construction in progress	Intangible assets	Total
At cost					
31 December 2003	1,225,546	1,966,061	63,292	235,361	3,490,260
Additions	137,425	1,185,414	531,031	91,369	1,945,239
Transfers	-	-	-	2,063	2,063
Disposals	(1,705)	(453,958)	(29,591)	-	(485,254)
31 December 2004	1,361,266	2,697,517	564,732	328,793	4,952,308
Additions	333,356	1,194,801	1,612,480	450,447	3,591,084
Disposals	(939,784)	(71,366)	(49,412)	(7,876)	(1,068,438)
31 December 2005	754,838	3,820,952	2,127,800	771,364	7,474,954
Accumulated depreciation and amortization					
31 December 2003	(126,284)	(590,101)	-	(85,378)	(801,763)
Charge for the year	(20,414)	(246,140)	-	(49,393)	(315,947)
Transfers	-	(2,063)	-	-	(2,063)
Disposals	27	55,228	-	-	55,255
31 December 2004	(146,671)	(783,076)	-	(134,771)	(1,064,518)
Charge for the year	(7,080)	(417,078)	-	(71,382)	(495,540)
Disposals	142,359	48,060	-	100	190,519
31 December 2005	(11,392)	(1,152,094)	-	(206,053)	(1,369,539)
Net book value					
31 December 2005	743,446	2,668,858	2,127,800	565,311	6,105,415
31 December 2004	1,214,595	1,914,441	564,732	194,022	3,887,790
31 December 2003	1,099,262	1,375,960	63,292	149,983	2,688,497

21. OTHER ASSETS

	31 December 2005	31 December 2004	31 December 2003
Debtors on capital investments	1,216,221	1,019,046	82,691
Prepayments and receivables on other transactions	1,183,162	495,232	466,852
Western Union and other wireless transfers	224,363	92,433	122,055
Accrued commission	152,035	85,529	41,603
Inventory	89,319	140,562	118,432
Taxes receivable (other than income tax)	87,063	74,484	49,947
Due from the Government on foreign exchange losses for long term mortgage loans	49,404	51,833	49,782
Receivable from sale of collateral repossessed	19,873	134,717	472,322
Advances to employees	1,259	2,513	3,334
Travelers cheques	852	23,437	17,351
	3,023,551	2,119,786	1,424,369
Less allowance for impairment losses on other assets	(6,849)	(4,618)	(523)
Total other assets, net	3,016,702	2,115,168	1,423,846

Movements in allowances for impairment losses on other assets for the years ended 31 December 2005, 2004 and 2003 are disclosed in Note 5.

22. LOANS AND ADVANCES FROM BANKS

	31 December 2005	31 December 2004	31 December 2003
Correspondent accounts of other banks	48,793	525,172	605,231
Loans from banks, including:			
Syndicated loan from a group of banks *(Raiffeisen Zentralbank Oesterreich AG,Austria, maturity-November 23, 2006 – 18 November 2007,6,37% - 6.82%)*	26,550,022	-	-
Syndicated loan from a group of banks *(ING Bank, Netherlands, maturity – June 12, 2006 , 7.82%*	16,747,500	-	-
Syndicated loan from a group of banks *(HSH Nordbank, Germany, maturity –March 23, 2006, 6.31%)*	6,699,000	-	-
Syndicated loan from a group of banks *(Bank Austria, Austria, maturity – March 9, 2005, 5.3%)*	-	838,126	-
Syndicated loan from a group of banks *(Bayerische Hypo-und Vereinsbank AG, Germany, maturity – November 25, 2005, 5.4%)*	-	9,100,000	5,141,536
Syndicated loan from a group of banks *(ING Bank, the Netherlands, maturity – June 18, 2005 , 5.2%)*	-	5,805,434	-
Loans under repurchase agreements	26,422,168	-	1,332,711
Short –term loans from other banks	13,187,261	7,848,093	6,680,518
Overnight deposits of other banks	75,000	-	4,802,129
Loans from international credit organizations	13,704,970	7,520,809	2,646,189
Short-term deposits of other banks	10,071,219	2,500,000	-
Loans received from Government of the Republic of Kazakhstan and NBRK	1,271,994	357,320	585,609
Accrued interest expenses	870,055	346,506	187,056
Total loans and advances from banks	115,647,982	34,841,460	21,980,979

Fair value of assets pledged and carrying value of loans under repurchase agreements as of 31 December 2005, 2004 and 2003 are presented as follows:

	31 December 2005		31 December 2004		31 December 2003	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Securities of foreign states	23,321,075	20,531,856	-	-	-	-
Bonds of Kazakh companies	6,751,629	4,979,311	-	-	1,599,254	1,332,711
Bonds of the Ministry of Finance of the Republic of Kazakhstan	876,118	800,001	-	-	-	-
Notes of the National Bank of the of the Republic of Kazakhstan	111,000	111,000	-	-	-	-
Total	31,059,822	26,422,168	-	-	1,599,254	1,332,711

Interest accrued as of 31 December 2005, 2004 and 2003 amounted to KZT 23,371 thousand, nil and nil, respectively.

23. CUSTOMER ACCOUNTS

	31 December 2005	31 December 2004	31 December 2003
Time deposits	102,590,883	68,478,191	31,505,738
Repayable on demand	35,752,807	22,368,089	16,058,000
Accrued interest expense on customer accounts	2,057,585	844,439	364,996
Total customer accounts	140,401,275	91,690,719	47,928,734

As of 31 December 2005, 2004 and 2003 customer accounts amounting to KZT 18,948,811 thousand, KZT 13,751,313 thousand and KZT 6,018,197 thousand were due to 7, 5 and 4 customers, respectively, which represents significant concentration.

	31 December 2005	31 December 2004	31 December 2003
Analysis by sector			
Individuals	59,032,961	41,382,592	20,962,386
Social services	14,180,929	12,140,670	5,749,898
Insurance	13,921,876	5,081,727	4,906,777
Fuel	13,053,457	11,230,573	4,120,043
Real estate constructions	7,967,456	2,750,058	162,358
Manufacturing	6,079,998	2,124,550	695,846
Trade	5,582,048	3,967,914	3,205,719
Transportation and communication	3,177,166	2,266,321	1,668,926
Agriculture	3,164,788	2,454,799	1,617,939
Metallurgy	2,341,679	2,488,568	325
Machinery	764,136	199,946	169,808
Energy	322,554	189,312	142,656
Chemical	44,731	23,728	40,950
Other	8,709,911	4,545,522	4,120,107
Accrued interest expense on customer accounts	2,057,585	844,439	364,996
Total customer accounts	140,401,275	91,690,719	47,928,734

24. DEBT SECURITIES ISSUED

Debt securities issued are presented as follows:

	Currency	Maturity date (mm/dd/yy)	Interest rate %	31 December 2005	31 December 2004	31 December 2003
International bonds	USD	02/14/2008	8%	26,543,303	-	-
Kazakhstani bonds	KZT	09/24/2007-08/16/2015	7.5%-9.4%	5,978,234	1,502,155	-
Accrued expenses				1,068,608	8,002	-
Total debt securities issued				33,590,145	1,510,157	-

25. OTHER LIABILITIES

	31 December 2005	31 December 2004	31 December 2003
Settlement on other transactions	381,901	157,965	130,404
Taxes payable, other than income tax	236,064	138,270	35,064
Provision on guarantees and other commitments	129,225	103,479	38,623
Accrued commission expense	48,794	6,779	-
Advances received	5,942	7,126	9,075
Total other liabilities	801,926	413,619	213,166

26. SUBORDINATED DEBT

Subordinated debt is presented as follows:

	Currency	Maturity date (mm/dd/yy)	Interest Rate %	31 December 2005	31 December 2004	31 December 2003
Subordinated bonds	KZT	08/16/2015	7%-12%	11,988,663	6,062,491	3,457,094
Subordinated loan	USD	08/16/2015	LIBOR+6.3%	1,339,800	1,300,000	644,985
Accrued interest expenses				249,780	112,804	58,458
Total subordinated debt				13,578,243	7,475,295	4,160,537

27. SHARE CAPITAL

As of 31 December 2005, 2004 and 2003 share capital authorized, issued and fully paid comprised of 80,316,695, 36,811,244 and 25,316,695 shares.

During 2005, 2004 and 2003 years the Group issued and paid 33,505,451, 11,494,549 and 10,000,000 ordinary shares and 10,000,000, nil and nil preferred shares, respectively.

All ordinary shares are ranked equally and carry one vote. Each preferred share has no vote but has the right to a fixed income calculated as inflation (consumer price index) published by the Statistics Agency of the Republic of Kazakhstan plus 1.5%, which is subject to Board of Directors approval.

During 2005, 2004 and 2003 the Group has not paid dividends on preferred shares. According to certain requirements of the legislation of the Republic of Kazakhstan in case the Group delays payment of a guaranteed amount of dividends on preferred shares, these preferred shares are granted a voting right.

28. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated balance sheet.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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

Provision for impairment losses on letters of credit and guarantees amounted to KZT 31,123 thousand, KZT 50,514 thousand and KZT 28,999 thousand as at 31 December 2005, 2004 and 2003, respectively.

The risk-weighted amount is obtained by applying credit conversion factors and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As of 31 December 2005, 2004 and 2003, the nominal or contract amounts and the risk weighted amounts were:

	31 December 2005		31 December 2004		31 December 2003	
	Nominal amount	**Risk weighted amount**	**Nominal amount**	**Risk weighted amount**	**Nominal amount**	**Risk weighted amount**
Contingent liabilities and credit commitments						
Guarantees issued and similar commitments	14,841,730	14,841,730	9,062,886	9,062,886	3,907,898	3,907,898
Letters of credit and other transaction related contingent liabilities	7,846,815	3,923,408	5,361,046	2,664,972	831,149	339,239
Total contingent liabilities and credit commitments	22,688,545	18,765,138	14,423,932	11,727,858	4,739,047	4,247,137

Capital commitments

The Group had no material commitments for capital expenditures outstanding as of 31 December 2005, 2004 and 2003.

Rental commitments

No material rental commitment was outstanding as of 31 December 2005, 2004 and 2003.

Fiduciary activities

In the normal course of its business the Group enters into agreements with limited right on decision making with clients for their assets management in accordance with specific criteria established by clients. The Group may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are returned to the client. These amounts are the average balance of the clients' funds under the management of the Group during 2005 and 2004, including assets under trusteeship as of 31 December 2005, 2004 and 2003 in the amount of KZT 18,268,305 thousand, KZT 13,773,403 thousand and KZT 5,572,000 thousand, respectively.

Mentioned assets are not included into consolidated balance sheet of the Group, as far as these assets are not the Group assets. Face value of securities presented below is different from market value of the indicated securities. Fiduciary assets are divided by face value into the following categories:

	31 December 2005	31 December 2004	31 December 2003
Securities of investment funds	307,043	-	-
Investment funds deposits placed at other banks	256,219	-	-
Total fiduciary assets	563,262	-	-

The Group also provides depository services to its customers. As of 31 December 2005, 2004 and 2003 the Group had customer securities totaling 21,142,582,658, 3,416,936,126 and 5,016,793 items, respectively, in its nominal holder accounts.

The Group maintains accounting and prepares financial statements related to the investment funds assets and operations with them, conducts reconciliations with the managing company in respect of cost, investment fund asset flow and composition, as well as the estimate cost of shares on their subsequent placement or purchase and keeps the investment fund assets and documents certifying the right for the investment fund assets in accordance with the requirements of the legislation of the Republic of Kazakhstan and rules of the Agency of the Republic of Kazakhstan on the regulation and the supervision of financial market and financial organizations.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxes

Kazakhstani commercial legislation, and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

Employees of the Group receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As of 31 December 2005, 2004 and 2003, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

The Group's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

29. SUBSEQUENT EVENTS

On 27 January 2006 JSC Bank CenterCredit declared placement of Eurobonds of USD 300 million at a fixed coupon rate of 8% per annum, with maturity of 5 years. These bonds were issued via the Bank's subsidiary, CenterCredit International B.V., under the Bank's guarantee. International rating agencies Fitch Ratings and Moody's Investors Services gave long-term rating «BB-/Ba1 (positive forecast)» to this bonds issue.

On 2 February 2006 JSC Bank CenterCredit and JSC National Innovation Fund signed foundation documents of the Risk Investment Joint Stock Investment Fund Center Capital with a share capital of KZT 2.7 billion. RIJSIF Center Capital is engaged in attraction of investments into high potential projects focused on creation and commercialization of innovations as well as mastering and adoption of advances and innovative technologies.

On 24 February 2006 JSC Bank CenterCredit issued opening current notes of USD 100 million. Notes may be repaid in advance in 10 years after placement upon the issuer's initiative and with agreement with a regulatory body. A coupon on notes as well as on profit was 9.125%.

On 19 July 2006 JSC Bank CenterCredit declared subscription of syndicated loan agreement on the amount of USD 300 million. International rating agencies Fitch Ratings and Moody's Investors Services gave long-term rating "BB-/Ba1".

30. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

(a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Group that gives then significant influence over the Bank; and that have joint control over the Group;
(b) Associates – enterprises on which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
(c) Joint ventures in which the Group is a venturer;
(d) Members of key management personnel of the Group or its parent;
(e) Close members of the family of any individuals referred to in (a) or (d);
(f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties:

	31 December 2005		31 December 2004		31 December 2003	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Loans to customers, gross	4,108,203	216,843,769	1,294,523	95,395,130	450,958	54,356,251
Allowance for impairment losses on loans to customers	(337,336)	(9,033,411)	(22,294)	(4,082,689)	(68,872)	(2,287,490)
Customer accounts	345,100	140,401,275	338,626	91,690,719	-	47,928,734
Guarantees issued	8,668	14,841,730	5,040	9,062,886	5,913	3,907,898

During the years ended 31 December 2005, 2004 and 2003 the Group received related party loans repaid of KZT 631,188 thousand, KZT 133,614 thousand and KZT 256,699 thousand, respectively. The Group has interest income accrued in respect of loans granted to related parties totaling KZT 61,341 thousand, KZT 65,348 thousand and KZT 67,845 thousand, respectively, as of 31 December 2005, 2004 and 2003.

Included in the consolidated income statement for the years ended 31 December 2005, 2004 and 2003 are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2005		Year ended 31 December 2004		Year ended 31 December 2003	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**	**Related party transaction s**	**Total category as per financial statements caption**
Interest income		25,834,410		12,396,971		6,962,144
- related companies	187,823		135,143		40,768	
- directors	31,074		12,383		5,006	
Interest income		13,934,160		6,355,305		3,333,540
- related companies	-		1,514		226	
Salary for key management personnel	58,968	2,410,422	49,423	1,743,103	31,592	1,160,840

Transactions with related parties entered by the Group during the years ended 31 December 2005, 2004 and 2003 and outstanding as of 31 December 2005, 2004 and 2003 were made in the normal course of business and mostly under arm-length conditions.

31. SEGMENT REPORTING

The Group's primary format for reporting segment information is business segments.

Business Segments

The Group is organised on the basis of four main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- Investment activity – representing financial instruments trading.
- Finance leasing - finance lease services.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding items such as taxation and borrowings. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below.

	Retail banking	Corporate banking	Investment activity	Financial leasing	Eliminations	Year ended 31 December 2005
External interest income	7,799,935	17,608,423	206,120	219,932	-	25,834,410
Interest income from other segments	-	149,937	3,721	-	(153,658)	-
Total interest income	7,799,935	17,758,360	209,841	219,932	(153,658)	25,834,410
External interest expense	(4,578,383)	(9,342,094)	(2,580)	(11,103)	-	(13,934,160)
Interest expense form other segments	-	(3,721)	-	(149,937)	153,658	-
Total interest expense	(4,578,383)	(9,345,815)	(2,580)	(161,040)	153,658	(13,934,160)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	3,221,552	8,412,545	207,261	58,892	-	11,900,250
Provision for impairment losses on interest bearing assets	(763,026)	(4,633,200)	-	-	-	(5,396,226)
NET INTEREST INCOME	2,458,526	3,779,345	207,261	58,892	-	6,504,024
Fee and commission income/(expense)	1,310,254	3,151,498	154,883	(14,855)	-	4,601,780
Net loss on financial assets at fair value through profit or loss	-	-	(20,963)	-	-	(20,963)
Net gain on foreign exchange operations	-	1,100,651	101	14,626	-	1,115,378
Net realized loss on investments available-for-sale	-	-	(5,060)	-	-	(5,060)
Other income/(loss)	-	405,011	(846)	52,274	-	456,439
NET NON-INTEREST INCOME	1,310,254	4,657,160	128,115	52,045	-	6,147,574
OPERATING INCOME	3,768,780	8,436,505	335,376	110,937	-	12,651,598
OPERATING EXPENSES	(2,099,182)	(4,779,274)	(335,606)	(39,041)		(7,253,103)
OPERATING PROFIT	1,669,598	3,657,231	(230)	71,896	-	5,398,495
Provision for impairment losses on other transactions	-	(52,158)	(413)	-	-	(52,571)
PROFIT BEFORE INCOME TAX	1,669,598	3,605,073	(643)	71,896	-	5,345,924
Income tax expense	(197,004)	(448,526)	62,993	-	-	(582,537)
NET PROFIT	1,472,594	3,156,547	62,350	71,896	-	4,763,387
Attributable to:						
Equity holders of the parent	1,472,594	3,156,547	66,651	59,574	-	4,755,366
Minority interest	-	-	(4,301)	12,322	-	8,021
	1,472,594	3,156,547	62,350	71,896	-	4,763,387
Total consolidated assets	333,331,855		838,404	2,141,338	(6,080,569)	330,231,028
Total consolidated liabilities	307,409,427		33,098	2,013,656	(5,436,610)	304,019,571

	Retail banking	Corporate banking	Investment activity	Leasing activity	Other	Eliminations	Year ended 31 December 2004
External interest income	2,757,542	9,454,136	88,451	96,842	-	-	12,396,971
Interest income from other segments	-	66,933	2,675	-	-	(69,608)	-
Total interest income	2,757,542	9,521,069	91,126	96,842	-	(69,608)	12,396,971
External interest expense	(2,649,622)	(3,699,633)	(4)	(6,046)	-	-	(6,355,305)
Interest expense form other segments	-	(2,675)	(1,586)	(57,334)	(8,013)	69,608	-
Total interest expense	(2,649,622)	(3,702,308)	(1,590)	(63,380)	(8,013)	69,608	(6,355,305)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	107,920	5,818,761	89,536	33,462	(8,013)	-	6,041,666
Provision for impairment losses on interest bearing assets	(457,495)	(1,960,557)	-	-	-	-	(2,418,052)
NET INTEREST INCOME	(349,575)	3,858,204	89,536	33,462	(8,013)	-	3,623,614
Fee and commission income/(expense)	914,470	2,027,487	51,838	(5,058)	(1,101)	-	2,987,636
Net gain on financial assets at fair value through profit or loss	-	66,333	26,423	-	-	-	92,756
Net gain on foreign exchange operations	-	783,277	-	-	-	-	783,277
Net realized (gain)/loss on investments available-for-sale	-	52,812	(24,733)	-	-	-	28,079
Other (loss)/income	-	(251,984)	170,706	19,625	238,033	110,758	287,138
NET NON-INTEREST INCOME	914,470	2,677,925	224,234	14,567	236,932	110,758	4,178,886
OPERATING INCOME	564,895	6,536,129	313,770	48,029	228,919	110,758	7,802,500
OPERATING EXPENSES	(356,319)	(4,097,671)	(178,164)	(24,807)	(196,020)	(110,758)	(4,963,739)
OPERATING PROFIT	208,576	2,438,458	135,606	23,222	32,899	-	2,838,761
Provision for impairment losses on other transactions	-	(112,155)	(6,507)	-	-	-	(118,662)
Share of results of associates	-	4,100	-	-	-	-	4,100
PROFIT BEFORE INCOME TAX	208,576	2,330,403	129,099	23,222	32,899	-	2,724,199
Income tax expense	(61,757)	(213,230)	(6,573)	-	(3,025)	-	(284,585)
NET PROFIT	146,819	2,117,173	122,526	23,222	29,874	-	2,439,614
Attributable to:							
Equity holders of the parent	146,819	2,117,173	106,954	23,222	29,856	-	2,424,024
Minority interest	-	-	15,572	-	18	-	15,590
	146,819	2,117,173	122,526	23,222	29,874	-	2,439,614
Total consolidated assets	148,511,135		796,257	955,630	385,088	(2,441,440)	148,206,670
Total consolidated liabilities	136,345,598		16,021	913,930	640,622	(1,984,921)	135,931,250

	Retail banking	Corporate banking	Investment activity	Leasing activity	Other	Elimination s	Year ended 31 December

							2003
External interest income	1,712,392	5,171,501	48,575	29,676	-	-	6,962,144
Interest income from other segments		58,320	6,560	-	-	(64,880)	-
Total interest income	1,712,392	5,229,821	55,135	29,676	-	(64,880)	6,962,144
External interest expense	(1,407,062)	(1,921,168)	(3,883)	(5)	(1,422)	-	(3,333,540)
Interest expense form other segments		(6,560)	(602)	(19,198)	(38,520)	64,880	-
Total interest expense	(1,407,062)	(1,927,728)	(4,485)	(19,203)	(39,942)	64,880	(3,333,540)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	305,330	3,302,093	50,650	10,473	(39,942)	-	3,628,604
Provision for impairment losses on interest bearing assets	(430,259)	(1,003,939)	-	-	-	-	(1,434,198)
NET INTEREST INCOME	(124,929)	2,298,154	50,650	10,473	(39,942)	-	2,194,406
Fee and commission income/(expense)	431,354	1,585,071	(17,112)	(1,594)	-	4,542	2,002,261
Net gain on financial assets at fair value through profit or loss	-	-	111,886	-	-	-	111,886
Net gain on foreign exchange operations	135,759	316,770	-	-	-	-	452,529
Net realized loss on investments available-for-sale	-	-	(16,034)	-	-	-	(16,034)
Other income	32,869	76,693	16,958	3,562	52,065	(8,788)	173,359
NET NON-INTEREST INCOME	599,982	1,978,534	95,698	1,968	52,065	(4,246)	2,724,001
OPERATING INCOME	457,053	4,276,688	146,348	12,441	12,123	(4,246)	4,918,407
OPERATING EXPENSES	(975,476)	(2,320,262)	(116,469)	(14,843)	(117,239)	4,246	(3,540,043)
OPERATING PROFIT	(500,423)	1,956,426	29,879	(2,402)	(105,116)	-	1,378,364
Provision for impairment losses on other transactions	-	(5,143)	-	-	-	-	(5,143)
Share of results of associates	-	871	-	-	-	-	871
PROFIT BEFORE INCOME TAX	(500,423)	1,952,154	29,879	(2,402)	(105,116)	-	1,374,092
Income tax expense	(35,793)	(83,517)	(1,650)	-	(116)	-	(121,076)
NET PROFIT	(536,216)	1,868,637	28,229	(2,402)	(105,232)	-	1,253,016
Attributable to:							
Equity holders of the parent	(536,216)	1,868,637	56,869	(2,402)	(105,232)	-	1,281,656
Minority interest	-	-	(28,640)	-	-	-	(28,640)
	(536,216)	1,868,637	28,229	(2,402)	(105,232)	-	1,253,016
Total consolidated assets	82,739,600		527,986	218,283	408,252	(2,016,218)	81,832,903
Total consolidated liabilities	85,177,638		113,514	210,476	666,267	(1,822,076)	74,345,819

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilites compared with the corresponding carrying amount in the balance sheet of the Group is presented below:

	31 December 2005		31 December 2004		31 December 2003	
	Current value	**Fair value**	**Current value**	**Fair value**	**Current value**	**Fair value**
Cash and balances with the National Bank of the Republic of Kazakhstan	16,601,006	16,601,006	8,738,081	8,738,081	5,647,741	5,647,741
Loans and advances to banks	44,588,666	44,588,666	17,588,421	17,588,421	9,562,235	9,562,235
Financial assets at fair value through profit or loss	34,084,775	34,084,775	2,911,382	2,911,382	1,412,897	1,412,897
Loans to customers, less allowance for impairment losses	207,810,358	207,810,358	91,312,441	91,312,441	52,068,761	52,068,761
Investments available-for-sale	17,719,809	17,499,280	21,478,739	21,297,139	8,999,865	8,446,759
Investments held-to-maturity	62,460	60,565	54,973	45,422	-	-
Loans and advances from banks	115,647,982	115,647,982	34,841,460	34,841,460	21,980,979	21,980,979
Customer accounts	140,401,275	140,401,275	91,690,719	91,690,719	47,928,734	47,928,734
Debt securities issued	33,590,145	33,590,145	1,510,157	1,510,157	-	-
Subordinated debt	13,578,243	13,578,243	7,475,295	7,475,295	4,160,537	4,160,537

33. REGULATORY MATTERS

Quantitative measures established by regulation to ensure capital adequacy require the Group to maintain minimum amounts and ratios (as set forth in the table below) of total (8%) and tier 1 capital (4%) to risk weighted assets.

The ratio was calculated according to the principles employed by the Basle Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses:

Estimate	**Description of position**
0%	Cash and balances with the NBRK
0%	State debt securities in KZT
20%	Loans and advances to banks for up to 1 year
100%	Loans to customers
100%	Guarantees
100%	Other assets

The Group's capital amounts and ratios are presented in the following table

Capital amounts and ratios	**Actual Amount**	**For Capital Adequacy purposes**	**Ratio For Capital Adequacy purposes %**	**Minimum Required Ratio %**
At 31 December 2005				
Total capital	26,211,457	38,996,388	16.32	8
Tier 1 capital	16,399,781	25,569,861	10.70	4
At 31 December 2004				
Total capital	12,275,420	19,686,218	17.43	8
Tier 1 capital	7,466,920	11,998,453	10.63	4
At 31 December 2003				
Total capital	7,487,084	10,902,858	15.82	8
Tier 1 capital	5,168,010	6,831,547	9.91	4

During computation of total capital for capital adequacy purposes as of 31 December 2005, 2004 and 2003 the Group included the subordinated debt received, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Group repayment of this debt is subordinated to the repayments of the Group's liabilities to all other creditors.

34. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates.

The Group manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimization. Risk Analysis and Management Department performs determination of the optimum structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

The analysis of balance sheet interest risk and liquidity risk is presented in the table below:

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2005
ASSETS							
Interest bearing assets:							
Cash and balances with the National Bank of the Republic of Kazakhstan	6,501,944	-	-	-	-	-	6,501,944
Loans and advances to banks	35,364,327	392,101	815,945	72,893	-	-	36,645,266
Financial assets at fair value through profit or loss	34,023,024	-	-	-	-	-	34,023,024
Loans to customers, less allowance for impairment losses	11,618,336	20,107,189	60,473,787	93,188,641	22,422,405	-	207,810,358
Investments available-for-sale	11,322,753	1,359,412	3,479,844	1,399,825	-	-	17,561,834
Investments held-to-maturity	-	-	-	62,460	-	-	62,460
Total interest bearing assets	98,830,384	21,858,702	64,769,576	94,723,819	22,422,405	-	302,604,886
Cash and balances with the National Bank of the Republic of Kazakhstan	10,099,062	-	-	-	-	-	10,099,062
Financial assets at fair value through profit or loss	61,751	-	-	-	-	-	61,751
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	6,105,415	6,105,415
Loans and advances to banks	7,943,400	-	-	-	-	-	7,943,400
Investments available-for-sale	-	-	-	-	-	157,975	157,975
Current income tax assets	241,837	-	-	-	-	-	241,837
Other assets, less allowance for impairment losses	2,978,214	6,498	31,990	-	-	-	3,016,702
TOTAL ASSETS	120,154,648	21,865,200	64,801,566	94,723,819	22,422,405	6,263,390	330,231,028
LIABILITIES							
Interest bearing liabilities:							
Loans and advances from banks	38,794,788	11,613,734	64,768,457	422,210	-	-	115,599,189
Customer accounts	9,107,572	6,913,512	36,806,681	52,629,137	-	-	105,456,902
Debt securities issued	1,068,608	-	-	27,010,492	5,511,045	-	33,590,145
Subordinated debt	249,780	-	-	3,475,595	9,852,868	-	13,578,243
Total interest bearing liabilities	49,220,748	18,527,246	101,575,138	83,537,434	15,363,913	-	268,224,479
Loans and advances from banks	48,793	-	-	-	-	-	48,793
Customer accounts	34,944,373	-	-	-	-	-	34,944,373
Other liabilities	672,701	-	-	-	-	129,225	801,926
TOTAL LIABILITIES	84,886,615	18,527,246	101,575,138	83,537,434	15,363,913	129,225	304,019,571
Liquidity gap	35,268,033	3,337,954	(36,773,572)	11,186,385	7,058,492		
Interest sensitivity gap	49,609,636	3,331,456	(36,805,562)	11,186,385	7,058,492		
Cumulative interest sensitivity gap	49,609,636	52,941,092	16,135,530	27,321,915	34,380,407		
Cumulative interest sensitivity gap as a percentage of total assets	15.0%	16.0%	4.9%	8.3%	10.4%		

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2004
ASSETS							
Interest bearing assets:							
Cash and balances with the National Bank of the Republic of Kazakhstan	3,000,894	-	-	-	-	-	3,000,894
Loans and advances to banks	15,874,031	155,009	830,076	-	-	-	16,859,116
Financial assets at fair value through profit or loss	2,911,382	-	-	-	-	-	2,911,382
Loans to customers, less allowance for impairment losses	6,285,429	7,490,253	38,082,400	39,229,882	224,477	-	91,312,441
Investments available-for-sale	19,890,648	-	10,210	1,408,996	44,320	-	21,354,174
Investments held-to-maturity	-	-	-	54,973	-	-	54,973
Total interest bearing assets	47,962,384	7,645,262	38,922,686	40,693,851	268,797	-	135,492,980
Cash and balances with the National Bank of the Republic of Kazakhstan	5,737,187	-	-	-	-	-	5,737,187
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	3,887,790	3,887,790
Loans and advances to banks	729,305	-	-	-	-	-	729,305
Investments available-for-sale	-	-	-	-	-	124,565	124,565
Current income tax assets	119,675	-	-	-	-	-	119,675
Other assets, less allowance for impairment losses	927,890	5,182	23,096	1,158,754	246	-	2,115,168
TOTAL ASSETS	55,476,441	7,650,444	38,945,782	41,852,605	269,043	4,012,355	148,206,670
LIABILITIES							
Interest bearing liabilities:							
Loans and advances from banks	11,178,561	3,066,618	13,818,438	5,966,480	286,191	-	34,316,288
Customer accounts	11,548,007	9,565,178	15,941,693	31,234,430	-	-	68,289,308
Debt securities issued	8,002	-	586,631	915,524	-	-	1,510,157
Subordinated debt	112,804	-			7,362,491	-	7,475,295
Total interest bearing liabilities	22,847,374	12,631,796	30,346,762	38,116,434	7,648,682	-	111,591,048
Loans and advances from banks	525,172	-	-	-	-	-	525,172
Customer accounts	23,401,411	-	-	-	-	-	23,401,411
Other liabilities	271,193	3,603	7,873	-	27,471	103,479	413,619
TOTAL LIABILITIES	47,045,150	12,635,399	30,354,635	38,116,434	7,676,153	103,479	135,931,250
Liquidity gap	8,431,291	(4,984,955)	8,591,147	3,736,171	(7,407,110)		
Interest sensitivity gap	25,115,010	(4,986,534)	8,575,924	2,577,417	(7,379,885)		
Cumulative interest sensitivity gap	25,115,010	20,128,476	28,704,400	31,281,817	23,901,932		
Cumulative interest sensitivity gap as a percentage of total assets	16.9%	13.6%	19.4%	21.1%	16.1%		

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2003
ASSETS							
Interest rate bearing assets:							
Cash and balances with the National Bank of the Republic of Kazakhstan	300,000	-	-	-	-	-	300,000
Loans and advances to banks	6,238,355	-	285,860	57,688	-	-	6,581,903
Financial assets at fair value through profit or loss	1,412,897	-	-	-	-	-	1,412,897
Loans to customers, less allowance for loan losses	3,603,083	7,186,415	23,857,814	16,477,950	943,499	-	52,068,761
Investment available-for-sale	6,970,474	117,539	-	1,466,007	-	-	8,554,020
Total interest bearing assets	18,524,809	7,303,954	24,143,674	18,001,645	943,499	-	68,917,581
Cash and balances with the National Bank of the Republic of Kazakhstan	5,347,741	-	-	-	-	-	5,347,741
Loans and advances to banks	2,980,332	-	-	-	-	-	2,980,332
Investment available-for-sale	-	-	-	-	-	445,845	445,845
Fixed and intangible assets, less accumulated depreciation	-	-	-	1,589,235	1,099,262	-	2,688,497
Current income tax assets	29,061	-	-	-	-	-	29,061
Other assets, less allowance for losses	1,345,200	-	-	78,646	-	-	1,423,846
TOTAL ASSETS	28,227,143	7,303,954	24,143,674	19,669,526	2,042,761	445,845	81,832,903
LIABILITIES							
Interest rate bearing liabilities:							
Loans and advances from banks	3,021,515	1,939,648	11,808,830	4,605,755	-	-	21,375,748
Customer accounts	4,143,038	7,894,518	11,651,045	7,817,137	-	-	31,505,738
Subordinated debt	-	-	-	644,985	3,515,552	-	4,160,537
Total interest bearing liabilities	7,164,553	9,834,166	23,459,875	13,067,877	3,515,552	-	57,042,023
Loans and advances from banks	605,231	-	-	-	-	-	605,231
Customer accounts	16,422,996	-	-	-	-	-	16,422,996
Deferred income tax liabilities	-	-	62,403	-	-	-	62,403
Other liabilities	61,127	65,153	12,303	35,960	-	38,623	213,166
TOTAL LIABILITIES	24,450,938	9,899,319	23,534,581	13,103,837	3,515,552	38,623	74,345,819
Liquidity gap	3,973,236	(2,595,365)	609,093	6,565,689	(1,472,791)		
Interest sensitivity gap	11,360,256	(2,530,212)	683,799	4,933,768	(2,572,053)		
Cumulative interest sensitivity gap	11,360,256	8,830,044	9,513,843	14,447,611	11,875,558		
Cumulative interest sensitivity gap as a percentage of total assets	13.9%	10.8%	11.6%	17.7%	14.5%		

Cash flow interest rate risk

Cash flow interest rate risk – the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Treasury Department performs management of interest rate and market risks through determination of the transferring rates and general rates of borrowed and allocated resources, which enables the Group to avoid negative interest margin. Risk Analysis and Management Department develops limits for interest gaps and performs monitoring of spread level and net interest margin. Assets and Liabilities Management Committee approves limits on interest gaps, transferring rates and general interest rates for borrowed and allocated resources.

The following table presents an analysis of interest rate risk and thus the potential of the Group for gain or loss. Effective interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Group.

	31 December 2005				31 December 2004			
	KZT	**USD**	**EURO**	**Other currency**	**KZT**	**USD**	**EURO**	**Other currency**
ASSETS								
Loans and advances to banks	2.3%	3.3%	1,2%	7,2%	5.9%	2.3%	2.3%	2%
Financial assets at fair value through profit or loss	8.9%	4.0%	2.3%	-	5.7%	5.6%	-	-
Loans to customers	15.4%	13.8%	10.9%	-	15.18%	14.5%	9.8%	-
Investments available-for-sale	5.6%	11.0%	0%	-	4.5%	4.9%	-	-
Investments held-to-maturity	8%	-	-	-	9.8%	-	-	-
LIABILITIES								
Loans and advances from banks	4.3%	3.6%	4.00%	6.8%	6%	4.9%	3.9%	-
Customer accounts	9.2%	7.6%	6.8%	-	10.3%	6.6%	7.1%	-
Debt securities issued	7.8%	8%	-	-	8.75%	-	-	-
Subordinated debt	9.6%	11.0%	-	-	10.9%	9.11%	-	-

	2003			
	KZT	**USD**	**EURO**	**Other currency**
ASSETS				
Loans and advances to banks	5.5%	2.5%	-	2.5%
Financial assets at fair value through profit or loss	5.5%	4.5%	-	-
Loans to customers	16%	15.2%	13.2%	-
Investments available-for-sale	5.5%	4.5%	-	-
LIABILITIES				
Customer accounts	10%	6.2%	6%	-
Subordinated debt	12%	-	-	-

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Treasury Department performs currency risk management through management of open currency position, which enables the Group to minimize losses from significant fluctuations of exchange rates of national and foreign currencies. Risk Analysis and Management Department determines limits on open currency positions, arbitrary positions and stop-loss. All limits and restrictions are approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD 1USD= KZT 133.98	EUR 1EUR= KZT 158.99	Other currency	31 December 2005
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	12,380,533	3,573,446	615,760	31,267	16,601,006
Loans and advances to banks	9,041,911	34,338,811	940,644	267,300	44,588,666
Financial assets at fair value through profit or loss	2,122,264	31,170,086	792,425	-	34,084,775
Loans to customers, less allowance for impairment losses	103,692,748	101,284,914	2,829,911	2,785	207,810,358
Investments available-for-sale	15,533,213	2,186,596	-	-	17,719,809
Investments held-to-maturity	62,460	-	-	-	62,460
Fixed and intangible assets, less accumulated depreciation and amortization	6,105,415	-	-	-	6,105,415
Current income tax assets	241,837	-	-	-	241,837
Other assets, less allowance for impairments losses	2,996,215	18,910	1,495	82	3,016,702
TOTAL ASSETS	152,176,596	172,572,763	5,180,235	301,434	330,231,028
LIABILITIES					
Loans and advances from banks	15,561,450	97,333,416	2,752,830	286	115,647,982
Customer accounts	95,291,340	42,651,576	2,305,432	152,927	140,401,275
Debt securities issued	6,115,532	27,474,613	-	-	33,590,145
Other liabilities	275,736	295,478	199,480	31,232	801,926
Subordinated debt	11,988,663	1,589,580	-	-	13,578,243
TOTAL LIABILITIES	129,232,721	169,344,663	5,257,742	184,445	304,019,571
OPEN BALANCE SHEET POSITION	22,943,875	3,228,100	(77,507)	116,989	

	KZT	USD 1USD= KZT 130.00	EUR 1EUR= KZT 177.10	Other currency	31 December 2004
ASSETS:					
Cash and balances with the National Bank of the Republic of Kazakhstan	7,633,223	834,566	246,735	23,557	8,738,081
Loans and advances to banks	10,476,686	3,681,283	3,296,246	134,206	17,588,421
Financial assets at fair value through profit or loss	212,070	2,699,312	-	-	2,911,382
Loans to customers, less allowance for impairment losses	36,029,089	54,606,770	676,582	-	91,312,441
Investments available-for-sale	20,206,126	1,272,613	-	-	21,478,739
Investments held-to-maturity	54,973	-	-	-	54,973
Fixed and intangible assets, less accumulated depreciation and amortization	3,887,790	-	-	-	3,887,790
Current income tax assets	119,975	-	-	-	119,675
Other assets, less allowance for impairment losses	2,013,953	93,278	7,937	-	2,115,168
TOTAL ASSETS	80,633,585	63,187,822	4,227,500	157,763	148,206,670
LIABILITIES:					
Loans and advances from banks	3,310,267	28,875,957	2,654,933	303	34,841,460
Customer accounts	56,490,905	33,101,376	1,983,109	115,329	91,690,719
Debt securities issued	1,510,157	-	-	-	1,510,157
Other liabilities	243,901	106,162	57,843	5,713	413,619
Subordinated debt	6,171,639	1,303,656	-	-	7,475,295
TOTAL LIABILITIES	67,726,869	63,387,151	4,695,885	121,345	135,931,250
OPEN BALANCE SHEET POSITION	12,906,716	(199,329)	(468,385)	36,418	

	KZT	USD 1USD= KZT 144.22	EUR 1EUR= KZT 180.23	Other currency	31 December 2003
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	3,699,333	1,685,532	247,474	15,402	5,647,741
Loans and advances to banks	1,074,483	7,657,314	623,724	206,714	9,562,235
Financial assets at fair value through profit or loss	-	1,412,897	-	-	1,412,897
Loans to customers, less allowance for impairment losses	27,037,267	24,581,177	450,317	-	52,068,761
Investment available-for-sale	6,928,210	2,071,655	-	-	8,999,865
Fixed and intangible assets, less accumulated depreciation and amortization	2,688,497	-	-	-	2,688,497
Current income tax assets	29,061	-	-	-	29,061
Other assets, less allowance for impairment losses	1,193,670	225,757	4,391	28	1,423,846
TOTAL ASSETS	42,650,521	37,634,332	1,325,906	222,144	81,832,903
LIABILITIES					
Loans and advances from banks	1,735,336	19,665,247	580,396	-	21,980,979
Customer accounts	29,220,931	17,727,326	851,840	128,637	47,928,734
Deferred income tax liabilities	62,403	-	-	-	62,403
Other liabilities	71,108	118,495	21,178	2,385	213,166
Subordinated debt	3,512,007	648,530	-	-	4,160,537
TOTAL LIABILITIES	34,601,785	38,159,598	1,453,414	131,022	74,345,819
OPEN BALANCE SHEET POSITION	8,048,736	(525,266)	(127,508)	91,122	

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Assets and Liabilities Management Committee sets limits on size and structure of risk assets. The Credit Committee approves each new loan and lease, and any changes and amendments to such agreements. The Credit Department performs current monitoring.

The Group 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, by region) are approved by the Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guaranties. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

Geographical concentration

The management of the Group considers the principal segment to be comprised of the Republic of Kazakhstan, as the risks and returns are considered to be similar throughout the region.

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	Other non-OECD countries	OECD Countries	31 December 2005
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	16,601,006	-	-	16,601,006
Loans and advances to banks	9,443,905	282,291	34,862,470	44,588,666
Financial assets at fair value through profit or loss	3,948,255	-	30,136,520	34,084,775
Loans to customers, less allowance for impairment losses	207,180,488	-	629,870	207,810,358
Investments available-for-sale	17,719,809	-	-	17,719,809
Investments held-to-maturity	62,460	-	-	62,460
Fixed and intangible assets, less accumulated depreciation and amortization	6,105,415	-	-	6,105,415
Current income tax assets	241,837	-	-	241,837
Other assets, less allowance for impairment losses	3,016,702	-	-	3,016,702
TOTAL ASSETS	264,319,877	282,291	65,628,860	330,231,028
LIABILITIES				
Loans and advances from banks	24,048,879	84,401	91,514,702	115,647,982
Customer accounts	140,401,275	-	-	140,401,275
Debt securities issued	33,590,145	-	-	33,590,145
Other liabilities	801,926	-	-	801,926
Subordinated debt	12,231,491	-	1,346,752	13,578,243
TOTAL LIABILITIES	211,073,716	84,401	92,861,454	304,019,571
NET BALANCE SHEET POSITION	53,246,161	197,890	(27,232,594)	

	Kazakhstan	Other non-OECD countries	OECD Countries	31 December 2004
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	8,738,081	-	-	8,738,081
Loans and advances to banks	11,673,109	134,589	5,780,723	17,588,421
Financial assets at fair value through profit or loss	2,395,336	-	516,046	2,911,382
Loans to customers, less allowance for impairment losses	90,775,488	533,257	3,696	91,312,441
Investments available-for-sale	21,478,739	-	-	21,478,739
Investments held-to-maturity	54,973	-	-	54,973
Fixed and intangible assets, less accumulated depreciation and amortization	3,887,790	-	-	3,887,790
Current income tax assets	119,675	-	-	119,675
Other assets, less allowance for impairment losses	2,115,168	-	-	2,115,168
TOTAL ASSETS	141,238,359	667,846	6,300,465	148,206,670
LIABILITIES				
Loans and advances from banks	9,021,997	356,680	25,462,783	34,841,460
Customer accounts	91,690,719	-	-	91,690,719
Debt securities issued	1,510,157	-	-	1,510,157
Other liabilities	413,619	-	-	413,619
Subordinated debt	6,171,639	-	1,303,656	7,475,295
TOTAL LIABILITIES	108,808,131	356,680	26,766,439	135,931,250
NET BALANCE SHEET POSITION	32,430,228	311,166	(20,465,974)	

	Kazakhstan	Other non OECD countries	OECD Countries	31 December 2003
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	5,647,741	-	-	5,647,741
Loans and advances to banks	2,244,510	1,721,979	5,595,746	9,562,235
Financial assets at fair value through profit or loss	1,123,923	-	288,974	1,412,897
Loans to customers, less allowance for impairment losses	52,068,761	-	-	52,068,761
Investment available-for-sale	8,999,865	-	-	8,999,865
Fixed and intangible assets, less accumulated depreciation	2,688,497	-	-	2,688,497
Current income tax assets	29,061	-	-	29,061
Other assets, less allowance for impairment losses	1,423,846	-	-	1,423,846
TOTAL ASSETS	74,226,204	1,721,979	5,884,720	81,832,903
LIABILITIES				
Loans and advances from banks	5,440,783	721,617	15,818,579	21,980,979
Customer accounts	47,928,734	-	-	47,928,734
Deferred income tax liabilities	62,403	-	-	62,403
Other liabilities	213,166	-	-	213,166
Subordinated debt	4,160,537	-	-	4,160,537
TOTAL LIABILITIES	57,805,623	721,617	15,818,579	74,345,819
NET BALANCE SHEET POSITION	16,420,581	1,000,362	(9,933,859)	

JOINT STOCK COMPANY BANK CENTERCREDIT

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(in Kazakhstani tenge and in thousands)

	Notes	Nine months ended 30 September 2006	Nine months ended 30 September 2005
Interest income	4,18	33,500,000	17,216,823
Interest expense	4,18	(20,739,522)	(9,491,624)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		12,760,478	7,725,199
Provision for impairment losses on interest bearing assets		(5,066,561)	(3,726,321)
NET INTEREST INCOME		7,693,917	3,998,878
Net gain/(loss) on financial assets at fair value through profit or loss		586,334	(30,064)
Net realized gain on investments available-for-sale		10,234	17,212
Net gain on foreign exchange operations		1,217,703	836,087
Fee and commissions income		4,923,794	3,803,765
Fee and commissions expense		(524,966)	(403,991)
Other income		792,592	468,826
NET NON-INTEREST INCOME		7,005,691	4,691,835
OPERATING INCOME		14,699,608	8,690,713
OPERATING EXPENSES		(7,445,656)	(4,874,020)
OPERATING PROFIT		7,253,952	3,816,693
Provision for impairment losses on other transactions		(724,692)	(80,728)
PROFIT BEFORE INCOME TAX		6,529,260	3,735,965
Income tax expense	5	(917,457)	(208,380)
NET PROFIT		5,611,803	3,527,585
Attributable to:			
Equity holders of the parent		5,584,714	3,531,049
Minority interest		27,089	(3,464)
		5,611,803	3,527,585
Earnings per share (tenge)	6	74.03	80.24

On behalf of the Board of Directors:

Lee V.
Chairman

Yerdessov M.
Chief Accountant

JOINT STOCK COMPANY BANK CENTERCREDIT

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 SEPTEMBER 2006 AND 2005
(in Kazakhstani tenge and in thousands)

	Notes	30 September 2006	31 December 2005
ASSETS			
Cash and balances with the National Bank of the Republic of Kazakhstan		43,555,373	16,601,006
Loans and advances to banks		51,828,477	44,588,666
Financial assets at fair value through profit or loss	7	13,720,849	34,084,775
Loans to customers, less allowance for impairment losses	8, 18	334,318,717	207,810,358
Investments available-for-sale	9	22,267,089	17,719,809
Investments held-to-maturity	10	36,571,698	62,460
Fixed and intangible assets, less accumulated depreciation and amortization		7,678,954	6,105,415
Income tax assets	5	390,850	241,837
Other assets, less allowance for impairment losses	11	4,198,504	3,016,702
TOTAL ASSETS		514,530,511	330,231,028
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks	12	143,132,433	115,647,982
Customer accounts	13, 18	202,705,624	140,401,275
Debt securities issued	14	100,727,005	33,590,145
Other liabilities	15	1,988,566	801,926
		448,553,628	290,441,328
Subordinated debt	16	30,786,787	13,578,243
Total liabilities		479,340,415	304,019,571
EQUITY:			
Equity attributable to the equity holders of the parent:			
Share capital	17	20,042,646	16,399,781
Investments available-for-sale fair value reserve		357,743	635,707
Fixed assets revaluation reserve		4,771	5,889
Retained earnings		14,637,209	9,067,728
		35,042,369	26,109,105
Minority interest		147,727	102,352
Total equity		35,190,096	26,211,457
TOTAL LIABILITIES AND EQUITY		514,530,511	330,231,028

On behalf of the Board of Directors:

Lee V.
Chairman

14 December 2006
Almaty

Yerdessov M.
Chief Accountant

14 December 2006
Almaty

The selected notes on pages 8 to 32 form an integral part of these condensed interim consolidated financial statements. The Review Report is on page 2.

JOINT STOCK COMPANY BANK CENTERCREDIT

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(In Kazakhstani tenge and in thousands)

	Attributable to the equity holders of the parent:						
	Share capital	Fixed assets revaluation reserve	Investments available-for-sale fair value reserve	Retained earnings	Total	Minority interest	Total equity
1 January 2005	7,466,920	275,527	426,252	4,042,724	12,211,423	63,997	12,275,420
Share capital increase	5,410,572	-	-	-	5,410,572	-	5,410,572
Gain on revaluation of investments available-for-sale	-	-	176,175	-	176,175	-	176,175
Write off of fixed assets revaluation reserve	-	(966)	-	966	-	-	-
Net profit/(loss)	-	-	-	3,531,049	3,531,049	(3,464)	3,527,585
30 September 2005	12,877,492	274,561	602,427	7,574,739	21,329,219	60,533	21,389,752
Share capital increase	3,522,289		-	-	3,522,289	-	3,522,289
Gain on revaluation of investments available-for-sale	-	-	33,280	-	33,280	-	33,280
Write off of fixed assets revaluation reserve	-	(626)	-	626	-	-	-
Disposal of special-purpose companies	-	(268,046)	-	268,046	-	-	-
Change of minority interest	-	-	-	-	-	30,334	30,334
Net profit	-	-	-	1,224,317	1,224,317	11,485	1,235,802
1 January 2006	16,399,781	5,889	635,707	9,067,728	26,109,105	102,352	26,211,457
Share capital increase	3,642,865	-	-		3,642,865		3,642,865
Loss on revaluation of investments available-for-sale	-	-	(277,964)	-	(277,964)	-	(277,964)
Depreciation of fixed assets revaluation reserve	-	(1,118)	-	1,118	-	-	-
Change in reserves of affiliated companies	-	-	-	(16,351)	(16,351)	-	(16,351)
Change of minority interest	-	-	-	-	-	18,286	18,286
Net profit	-	-	-	5,584,714	5,584,714	27,089	5,611,803
30 September 2006	20,042,646	4,771	357,743	14,637,209	35,042,369	147,727	35,190,096

On behalf of the Board of Directors:

Lee V.
Chairman

14 December 2006
Almaty

Yerdessov M.
Chief Accountant

14 December 2006
Almaty

The selected notes on pages 8 to 32 form an integral part of these condensed interim consolidated financial statements.
The Review Report is on page 2.

JOINT STOCK COMPANY BANK CENTERCREDIT

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(in Kazakhstani tenge and in thousands)

	Nine months ended 30 September 2006	Nine months ended 30 September 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	6,529,260	3,735,965
Adjustments for:		
Provision for impairment losses on interest bearing assets	5,066,561	3,726,321
Provision for impairment losses on other transactions	724,692	80,728
Depreciation and amortization	524,984	371,019
Unrealized (gain)/loss on foreign exchange operations	(106,211)	24,853
Loss on sale of fixed and intangible assets	6,794	1,633
Change in interest accruals, net	(69,463)	501,868
Cash flow from operating activities before changes in operating assets and liabilities	12,676,617	8,442,387
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Loans and advances to banks	(15,806,805)	6,465,551
Financial assets at fair value through profit or loss	20,458,505	(2,590,193)
Loans to customers	(128,995,671)	(93,944,702)
Other assets	(1,112,261)	(1,231,106)
Increase/(decrease) in operating liabilities:		
Loans and advances from banks	26,049,093	26,492,415
Customer accounts	61,508,378	35,581,977
Other liabilities	1,186,640	2,010,521
Cash outflows from operating activities before income tax	(24,035,504)	(18,773,150)
Income tax paid	(1,066,470)	(275,260)
Net cash outflows from operating activities	(25,101,974)	(19,048,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed and intangible assets	(2,315,287)	(1,732,911)
Increase of accounts receivable on capital investments	(737,773)	(637,532)
Proceeds on sale of fixed and intangible assets	209,970	47,541
Purchase of investments available-for-sale, net	(4,736,324)	(14,849,924)
Purchase of investments held-to-maturity, net	(36,476,095)	(37,375)
Net cash outflows from investing activities	(44,055,509)	(17,210,201)

JOINT STOCK COMPANY BANK CENTERCREDIT

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(in Kazakhstani tenge and in thousands)

	Nine months ended 30 September 2006	Nine months ended 30 September 2005
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary share capital	3,642,865	5,410,572
Debt securities issued	67,117,288	31,165,132
Subordinated debt	16,761,486	3,667,772
Net cash inflows from financing activities	87,521,639	40,243,476
Effect of foreign exchange rate changes	(98,009)	29,931
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,266,147	4,014,796
CASH AND CASH EQUIVALENTS, beginning of the period	51,283,476	14,518,804
CASH AND CASH EQUIVALENTS, end of the period	69,549,623	18,533,600

Interest paid and received by the Group during the nine months ended 30 September 2006 amounted to KZT 18,059,255 thousand and KZT 30,857,905 thousand, respectively.

Interest paid and received by the Group during the nine months ended 30 September 2005 amounted to KZT 7,839,892 thousand and KZT 15,455,050 thousand, respectively.

On behalf of the Board of Directors:

Lee V.
Chairman

14 December 2006
Almaty

Yerdessov M.
Chief Accountant

14 December 2006
Almaty

The selected notes on pages 8 to 32 form an integral part of these condensed interim consolidated financial statements

(in Kazakhstani tenge and in thousands, unless otherwise stated)

1. ORGANISATION

JSC Bank CentercCredit (the "Bank") is a joint-stock bank, which was incorporated in the Republic of Kazakhstan and started its operations in 1988. The Bank is regulated by the National Bank of the Republic of Kazakhstan (the "NBRK") and conducts its business under license number 248 dated 9 June 2004 given by the Agency of the Republic of Kazakhstan on the regulation and the supervision of financial market and financial organizations (the "FMSA"). The Bank's primary business consists of commercial banking activities, trading with securities, loans, foreign currencies and derivative instruments, originating loans and guarantees.

The registered address is: 100 Shevchenko Street, Almaty, Kazakhstan.

The Bank has 19 branches in the Republic of Kazakhstan.

The Bank is a parent company of the banking group (the "Group"), consisting of the following enterprises consolidated in the financial statements:

Name	Country of operation	The Bank's ownership interest 30 September 2006	31 December 2005	30 September 2005	Type of operation
JSC Capital	Republic of Kazakhstan	88%	85%	85%	Pension Fund
LLP Center Leasing	Republic of Kazakhstan	51%	51%	100%	Finance lease of property
JSC BCC Invest	Republic of Kazakhstan	100%	100%	100%	Securities trading
CenterCredit International B.V.	Netherlands	100%	-	-	Formation of capital on international financial markets

JSC Capital was established as a closed joint stock company on 15 October 2001 in accordance with legislation of the Republic of Kazakhstan. On 24 December 2003 CJSC Capital was reregistered as a joint stock company, with certificate of state reregistration #43348 1910-AO. The main activity of the company is the attraction of pension contributions and performance of pension payments. JSC Capital manages pension contributions inflow and accumulation on individual pension accounts in accordance with the requirements of legislative authorities of the Republic of Kazakhstan. JSC Capital has a state general license # 0000021 for the attraction of pension funds and performance of pension payments, dated 19 January 2004.

LLP Center Leasing was established on 15 January 2002 as a limited liability partnership in accordance with legislation of the Republic of Kazakhstan, with certificate of state registration #45222-1910 -TOO. The main activity of LLP CenterLeasing is leasing operations. In accordance with article 10 of the Republic of Kazakhstan Law "On financial leasing" LLP CenterLeasing carries out leasing activity without license.

JSC BCC Invest is joint stock company, which was originally established on 7 May 1998 as a limited liability partnership KIB ASSET MANAGEMENT in accordance with legislation of the Republic of Kazakhstan. On 26 June 2006 company was reregistered as a joint stock company BCC Invest, certificate of state reregistration #56185 –1910 -AO. The main activity of JSC BCC Invest is operations with securities. The Company has a license #20030154 dated 5 June 1998 for brokerage and dealer activity on the Kazakhstan stock exchange with the right to maintain customer accounts as a nominal holder and license #0403200124 issued on 24 December 2003 for investment portfolio management.

CenterCredit International B.V was registered on 4 January 2006 in Rotterdam, Netherlands as a 100% special purpose subsidiary of the Bank. Company's main activity is formation of capital on international financial markets.

The number of employees of the Group at 30 September 2006 and 31 December 2005 was 3,415 and 2,830, respectively.

As at 30 September 2006 there were no shareholders, individually hold more than 10% of shares of the Bank.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on 14 December 2006.

2. BASIS OF PRESENTATION

Accounting basis

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements are presented in thousands of Kazakhstani Tenge ("KZT"), except for earning per share amounts and unless otherwise indicated. These condensed interim consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except for the measurement at fair value of certain financial instruments and measurement of buildings at revalued amounts according to International Accounting Standards ("IAS") № 16 "Property, Plant and Equipment".

The Group maintains its accounting records in accordance with the Accounting policy authorized by the Resolution of the Board of Directors of the Group. These condensed interim consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for impairment losses and the fair value of financial instruments.

Functional currency

The functional currency of these consolidated financial statements is Kazakhstani tenge ("KZT").

Interim reporting

The condensed interim consolidated financial statements should be read in conjunction with the 2005 annual consolidated financial statements of the Group, which were authorized for issue on 24 February 2006.

Since the results of the Group's operation closely relate to and depend on changing market conditions, the results of the Group's operation for the interim period do not necessarily reflect a trend for the total year end results.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements the Group has applied the same accounting principles as those applied in the consolidated financial statements of the Group for the year ended 31 December 2005 issued 7 December 2006.

4. NET INTEREST INCOME

	Nine months ended 30 September 2006 (unaudited)	Nine months ended 30 September 2005 (unaudited)
Interest income		
Interest on loans to customers	29,161,980	15,334,282
Interest on debt securities	2,500,616	1,489,751
Interest on loans and advances to banks	1,544,540	340,419
Interest on reverse repurchase agreements	292,864	52,371
Total interest income	33,500,000	17,216,823
Interest expense		
Interest on customer accounts	(8,131,046)	(4,883,252)
Interest on debt securities issued and subordinated debt	(6,843,837)	(2,353,362)
Interest on loans and advances from banks	(5,733,845)	(2,250,015)
Interest on repurchase agreements	(30,794)	(4,995)
Total interest expense	(20,739,522)	(9,491,624)
Net interest income before provision for impairment losses on interest bearing assets	12,760,478	7,725,199

5. INCOME TAXES

The Group provides for taxes based on the statutory tax accounts maintained and prepared in accordance with the Kazakhstani statutory tax regulations which may differ from International Financial Reporting Standards.

The Group is subject to certain permanent tax differences due to non-tax deductibility of exchange losses and other expenses and tax-free regime under local tax regulations.

Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 30 September 2006 and 31 December 2005 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Tax assets/liabilities consist of the following as at 30 September 2006 and 31 December 2005:

	30 September 2006 (unaudited)	31 December 2005
Deferred assets		
Loans and advances to banks and customers	1,142,209	960,404
Revaluation of securities	-	121,971
Total deferred assets	1,142,209	1,082,375
Deferred liabilities		
Fixed and intangible assets	(682,928)	(507,845)
Revaluation of securities	(44,763)	-
Total deferred liabilities	(727,691)	(507,845)
Net deferred assets	414,518	574,530
Net deferred tax assets at the statutory tax rate (30%)	124,356	172,359
Net deferred tax assets	124,356	172,359

Relationships between tax expenses and accounting profit for the nine months ended 30 September 2006 and 30 September 2005 are explained as follows:

	Nine months ended 30 September 2006 (unaudited)	Nine months ended 30 September 2005 (unaudited)
Profit before income tax and minority interest	6,529,260	3,735,965
Statutory tax rate	30%	30%
Tax at the statutory tax rate	1,958,778	1,120,790
Tax effect of permanent differences	(1,041,321)	(912,410)
Income tax expense	917,457	208,380
Current income tax expense	869,454	293,706
Deferred tax expense/(benefit)	48,003	(85,326)
Income tax expense	917,457	208,380

	Nine months ended 30 September 2006 (unaudited)	Year ended 31 December 2005
Deferred income tax assets		
At beginning of the period	172,359	38,289
(Decrease)/increase in income tax assets for the period	(48,003)	134,070
At end of the period	124,356	172,359

Income tax assets consist of the following:

	30 September 2006 (unaudited)	31 December 2005
Current income tax assets	266,494	69,478
Deferred income tax assets	124,356	172,359
Income tax assets	390,850	241,837

6. EARNINGS PER SHARE

	Nine months ended 30 September 2006 (unaudited)	Nine months ended 30 September 2005 (unaudited)
Net income	5,584,714	3,531,049
Weighted average number of shares	75,434,533	44,004,608
Earnings per share in KZT	74.03	80.24

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Interest to nominal %	30 September 2006 (unaudited)	Interest to nominal %	31 December 2005
Bonds				
US treasury bonds	2.63-4.50	5,758,814	2.63-4.25	29,208,150
Nomura Securities Co. Bonds	5.63	1,286,509	-	-
JSC BTA Ipoteka bonds	8.50-10.90	1,071,819	8.50-9.90	642,666
Kazakhstan Mortgage Company bonds	7.50-10.70	687,131	-	-
Bank of Development of the Republic of Kazakhstan bonds	7.13-8.50	607,369	6.50-8.50	1,619,714
JSC Halyk Saving Bank Kazakhstan bonds	6.10	604,670	7.75	303,701
JSC Pavlodarenergoservice bonds	9.00	509,571	-	-
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	5.70	310,617	-	-
JSC Kazkommertsbank bonds	7.50-8.00	281,504	-	-
JSC BTA ORIX Leasing bonds	9.00	194,895	-	-
JSC TexakaBank bonds	10.70	167,329	9.90	158,154
JSC Caspian Bank bonds	8.50	161,404	8.50	98,187
JSC Alliance Bank bonds	8.50-10.90	157,131	8.50-10.30	153,963
TuranAlem Finance B.V. bonds	10.00	139,908	10.00	148,888
Kazkommerts International B.V. bonds	10.125	135,329	10.13	143,734
JSC Tsesna Bank bonds	8.00	99,981	-	-
JSC Kazatomprom bonds	8.50	87,190	-	-
JSC ATF Bank bonds	8.50-9.00	74,222	8.88-9.00	154,955
JSC Kaztranscom bonds	8.00	68,092	8.00	174,379
JSC Bank TuranAlem bonds	9.00	6,157	-	-
Germany treasury bonds	-	-	-	792,425
JSC Vita bonds	-	-	9.95	424,108
Shares				
JSC ATF Bank shares	-	554,603	-	-
JSC Kazkommertsbank shares	-	351,514	-	-
JSC Kazakhtelecom shares	-	92,166	-	-
JSC Kazzinc shares	-	56,046	-	-
JSC Nurbank shares	-	37,963	-	-
Other	-	218,915	-	61,751
Total financial assets at fair value through profit or loss		13,720,849		34,084,775

As at 30 September 2006 and 31 December 2005 included in financial assets at fair value through profit or loss is accrued interest income on debt securities amounting to KZT 190,070 thousand and KZT 95,491 thousand, respectively.

Corporate bonds represent bonds of prime Kazakhstani corporations with maturities between 3 and 10 years.

US State Treasury Bonds are USD denominated government securities with maturities between 3 and 10 years.

8. LOANS TO CUSTOMERS

	30 September 2006 (unaudited)	31 December 2005
Originated loans	337,583,539	208,969,257
Net investment in finance lease	4,598,962	4,278,650
Accrued interest income on loans to customers	5,968,956	3,595,862
	348,151,457	216,843,769
Less allowance for impairment losses	(13,832,740)	(9,033,411)
Total loans to customers, net	334,318,717	207,810,358

	30 September 2006 (unaudited)	31 December 2005
Loans collateralized by real estate	243,745,062	148,283,910
Loans collateralized by goods in turnover	45,960,181	33,705,494
Loans collateralized by equipment	34,260,354	24,565,554
Loans collateralized by other assets	10,596,522	3,743,768
Loans collateralized by corporate guarantees	8,003,532	2,378,413
Loans collateralized by cash	3,226,389	2,082,393
Loans collateralized by precious metals	301,047	267,496
Unsecured loans	2,058,370	1,816,741
	348,151,457	216,843,769
Less allowance for impairment losses	(13,832,740)	(9,033,411)
Total loans to customers, net	334,318,717	207,810,358

	30 September 2006 (unaudited)	31 December 2005
Analysis by sector		
Retail loans and mortgage	120,649,631	66,826,512
Trading	60,240,699	41,586,282
Construction	46,354,251	22,903,700
Food industry	23,346,785	15,285,226
Manufacturing	19,123,216	12,325,166
Agriculture	19,271,154	19,439,428
Real estate	17,296,504	8,779,750
Oil and gas	15,326,122	8,963,713
Transportation and equipment maintenance services	9,187,704	5,370,465
Telecommunications and transport	4,839,151	1,219,041
Machinery	2,059,086	806,482
Mass media	1,980,169	2,364,619
Mining and production of precious metals	1,927,533	3,289,972
Financial sector	638,143	1,973,701
Energy	144,552	133,630
Metallurgy	-	1,083
Other	5,766,757	5,574,999
	348,151,457	216,843,769
Less allowance for impairment losses	(13,832,740)	(9,033,411)
Total loans to customers, net	334,318,717	207,810,358

The components of net investment in finance lease as at 30 September 2006 and 31 December 2005 are as follows:

	30 September 2006 (unaudited)	31 December 2005
Total minimum lease and maintenance payments	4,598,962	4,278,650
Less: executory costs	-	-
Net minimum lease payments	4,598,962	4,278,650
Less: unearned finance income	-	-
Net investment in finance lease	4,598,962	4,278,650
Current portion	293,750	331,456
Long-term portion	4,305,212	3,947,194
Net investment in finance lease	4,598,962	4,278,650

As of 30 September 2006 and 31 December 2005 included in loans to customers are non-accrual loans amounting to KZT1,617,783 thousand and KZT 661,996 thousand, respectively, on which interest was not accrued.

As at 30 September 2006 and 31 December 2005 the Group had 9 loans to customers totaling KZT 44,606,127 thousand and KZT 32,777,641 thousand, respectively, balances of which individually exceeded 10% of the Group's equity.

9. INVESTMENTS AVAILABLE-FOR-SALE

	Interest to nominal %	30 September 2006 (unaudited)	Interest to nominal %	31 December 2005
Debt securities				
NBRK notes	-	11,997,911	-	3,025,037
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	3.78-8.00	3,775,304	4.00-8.35	6,585,916
Eurobonds issued by the Republic of Kazakhstan	11.125	2,038,844	8.40-9.70	2,186,596
Kazakhstan Mortgage Company	9.29-10.70	1,898,777	8.40-9.70	2,771,157
JSC Halyk Saving Bank Kazakhstan	5.00-11.80	834,637	5.00-11.8	864,288
CJSC Kazatomprom	8.50	466,465	8.50	60,925
JSC Bank Caspian	9.40	296,576	9.00	283,021
JSC Bank TuranAlem	10.90	296,405	9.90-12.00	555,947
JSC BTA Ipoteka	9.20	182,977	8.50	652,504
JSC Astana Finance	11.20	121,384	10.40	120,210
JSC ATF Bank	8.50	104,011	8.50	204,439
JSC Valut Transit Bank	9.00	87,281	9.00	89,155
JSC Alliance Bank	9.00	1,380	9.00	1,331
Municipal bonds of state local authorities	-	-	8.60	160,206
Other securities	-	-	-	1,102
		22,101,952		17,561,834

	Share %	30 September 2006 (unaudited)	Share %	31 December 2005
Equity securities				
JSC Oil Insurance Company	5.48	42,412	5.48	42,412
First credit bureau LLP	18.40	37,260	18.40	37,260
JSC Pension Fund Atameken	9.66	36,700	12.47	36,700
JSC Pension Fund Korgau	9.44	28,328	9.44	28,328
JSC Processing Center	1.37	10,000	1.37	10,000
JSC Kazakhstan Stock Exchange	2.96	6,601	2.14	2,200
S.W.I.F.T. SCRL	0.01	2,761	-	-
Financiers Association of the Republic of Kazakhstan	16.60	675	16.60	675
JSC Central Depositary of Securities	1.50	400	1.50	400
		165,137		157,975
Total investments available-for-sale		22,267,089		17,719,809

Interest accrued as at 30 September 2006 and 31 December 2005 amounted to KZT 309,449 thousand and KZT 220,529 thousand, respectively.

10. INVESTMENTS HELD-TO-MATURITY

	Interest to nominal %	30 September 2006 (unaudited)	Interest to nominal %	31 December 2005
Notes of NBRK	-	32,940,404	7.50	10,169
JSC Food contract corporation	8.00	1,057,580	-	-
Bonds of Kazakhstan Mortgage Company	9.00-10.00	1,005,381	7.20-7.60	33,707
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	4.3-6.1	840,381	-	-
Eurobonds issued by the Republic of Kazakhstan	11.125	684,431	-	-
OJSC Astana Finance	10.00	16,294	9.00	16,584
JSC VITA	10.00	15,176	-	-
JSC Halyk Bank Kazakhstan	8.00	10,353	-	-
JSC Development Bank of the Republic of Kazakhstan	9.00	1,698	8.50	2,000
Total investments held-to-maturity		36,571,698		62,460

Interest accrued as at 30 September 2006 and 31 December 2005 amounted to KZT 38,593 thousand and KZT 5,450 thousand, respectively.

11. OTHER ASSETS

	30 September 2006 (unaudited)	31 December 2005
Debtors on capital investments	1,953,994	1,216,221
Prepayments and receivables on other transactions	1,702,752	1,183,162
Accrued commission	215,872	152,035
Western Union and other wireless transfers	196,314	224,363
Taxes receivable (other than income tax)	160,870	87,063
Inventory	85,405	89,319
Travelers cheques	76,001	852
Due from the Government on foreign exchange losses for long term mortgage loans	28,746	49,404
Advances to employees	16,380	1,259
Receivable from sale of collateral repossessed	-	19,873
	4,436,334	3,023,551
Less allowance for impairment losses on other assets	(237,830)	(6,849)
Total other assets, net	4,198,504	3,016,702

12. LOANS AND ADVANCES FROM BANKS

	31 September 2006	31 December 2005
Correspondent accounts of other banks	47,995	48,793
Loans from banks, including:		
Syndicated loan from a group of banks *(Raiffeisen Zentralbank Oesterreich AG,Austria, maturity- November 23, 2006 – 18 November 2007,6,37% - 6.82%)*	25,424,000	26,550,022
Syndicated loan from a group of banks *(ING Bank, Netherlands, maturity – June 12, 2006 , 7.82%*	-	16,747,500
Syndicated loan from a group of banks *(HSH Nordbank, Germany, maturity –March 23, 2006, 6.31%)*	-	6,699,000
Syndicated loan from a group of banks *(Deutsche Bank, Germany, maturity – April 18, 2007, 6.81%)*	12,712,000	-
Syndicated loan from a group of banks *(ABN AMRO Bank, Dubai, maturity – March 9, 2007, 6.71%)*	4,687,496	-
Long –term loans from other banks	71,492,084	-
Short –term loans from other banks	10,764,584	13,187,261
Loans under repurchase agreements	1,043,723	26,422,168
Overnight deposits of other banks	-	75,000
Loans from international credit organizations	6,530,699	13,704,970
Short-term deposits of other banks	7,918,026	10,071,219
Loans received from Government of the Republic of Kazakhstan and NBRK	206,413	1,271,994
Accrued interest expenses	2,305,413	870,055
Total loans and advances from banks	143,132,433	115,647,982

Fair value of assets pledged and carrying value of loans under repurchase agreements as of 30 September 2006 and 31 December 2005 are presented as follows:

	30 September 2006		31 December 2005	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Kazakh companies	526,999	383,433		
Bonds of Kazakh companies	518,663	507,002	6,751,629	4,979,311
Shares of Kazakh banks	309,386	153,288		
Securities of foreign states	-	-	23,321,075	20,531,856
Bonds of the Ministry of Finance of the Republic of Kazakhstan	-	-	876,118	800,001
Notes of the National Bank of the of the Republic of Kazakhstan	-	-	111,000	111,000
Total	1,355,048	1,043,723	31,059,822	26,422,168

Interest accrued as of 30 September 2006 and 31 December 2005 amounted to nil and KZT 23,371 thousand, respectively.

13. CUSTOMER ACCOUNTS

	30 September 2006 (unaudited)	31 December 2005
Time deposits	141,118,868	102,590,883
Repayable on demand	58,733,200	35,752,807
Accrued interest expense on customer accounts	2,853,556	2,057,585
Total customer accounts	202,705,624	140,401,275

As at 30 September 2006 and 31 December 2005 customer accounts amounting to KZT 30,360,613 thousand and KZT 18,948,811 thousand were due to 9 and 7 customers, respectively, which represents significant concentration.

	30 September 2006 (unaudited)	31 December 2005
Analysis by sector		
Individuals	95,042,480	59,032,961
Social Services	18,834,896	14,180,929
Fuel	17,404,273	13,053,457
Real estate constructions	11,383,755	7,967,456
Metallurgy	10,209,464	2,341,679
Insurance	10,129,559	13,921,876
Trade	8,770,182	5,582,048
Manufacturing	8,204,584	6,079,998
Transportation and communication	6,230,324	3,177,166
Agriculture	5,188,168	3,164,788
Machinery	971,574	764,136
Energy	611,771	322,554
Chemical	178,707	44,731
Other	6,692,331	8,709,911
Accrued interest expense on customer accounts	2,853,556	2,057,585
Total customer accounts	202,705,624	140,401,275

14. DEBT SECURITIES ISSUED

	Currency	Maturity Date (mm/dd/yy)	Interest rate %	30 September 2006 (unaudited)	31 December 2005
International eurobonds	USD	03/01/2016	8.00-10.19%	63,921,810	26,543,303
International eurobonds	KZT	30/09/2011	8.31-9.23%	23,038,281	-
Bank's bonds	KZT	12/27/2015	8.5%-10.40%	12,678,734	5,978,234
Accrued interest expenses				1,088,180	1,068,608
Total debt securities issued				100,727,005	33,590,145

15. OTHER LIABILITIES

	30 September 2006 (unaudited)	31 December 2005
Settlement on other transactions	1,177,154	381,901
Taxes payable, other than income tax	554,699	236,064
Provision on guarantees and other commitments	232,094	129,225
Accrued commission expense	14,084	48,794
Advances received	10,535	5,942
Total other liabilities	1,988,566	801,926

16. SUBORDINATED DEBT

	Currency	Maturity date (mm/dd/yy)	Interest Rate %	30 September 2006 (unaudited)	31 December 2005
Subordinated bonds	KZT	04/13/2016	8.50%-15%	16,106,749	11,988,663
Hybrid financial instruments	USD	03/03/2016	9.19%-10.19%	12,712,000	-
Subordinated loan	USD	12/15/2011	10.99%	1,271,200	1,339,800
Accrued interest expenses				696,838	249,780
Total subordinated debt				30,786,787	13,578,243

17. SHARE CAPITAL

As at 30 September 2006 share capital comprised of 180,316,695 authorized ordinary and 98,531,021 paid shares. As at 31 December 2005 share capital authorized, issued and fully paid comprised of 80,316,695 shares.

During the nine months ended 30 September 2006 and year ended 31 December 2005 the Group issued and paid 18,214,326 and 33,505,451 ordinary and nil and 10,000,000 preferred shares, respectively.

All ordinary shares are ranked equally and carry one vote. Each preferred share has no vote but is entitled for a fixed income calculated as inflation (consumer price index) published by the Statistics Agency of the Republic of Kazakhstan plus 1.5%.

18. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated balance sheet.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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

The risk-weighted amount is obtained by applying credit conversion factors and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 30 September 2006 and 31 December 2005, the nominal or contract amounts and the risk weighted amounts were:

	30 September 2006 (unaudited)		31 December 2005	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	129,117,568	23,571,574	14,841,730	14,841,730
Letters of credit and other transaction related contingent liabilities	9,074,709	8,436,966	7,846,815	3,923,408
Total contingent liabilities and credit commitments	138,192,277	32,008,540	22,688,545	18,765,138

Capital commitments

The Group had no material commitments for capital expenditures outstanding as at 30 September 2006 and 31 December 2005.

Rental commitments

No material rental commitment was outstanding as at 30 September 2006 and 31 December 2005.

Fiduciary activities

In the normal course of its business the Group enters into agreements with limited right on decision making with clients for their assets management in accordance with specific criteria established by clients. The Group may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are returned to the client. These amounts are the average balance of the clients' funds under the management of the Group during nine months ended 30 September 2006 and 2005, including assets under trusteeship as at 30 September 2006 and 31 December 2005 in the amount of KZT 38,119,628 thousand and KZT 18,268,305 thousand, respectively.

Mentioned assets are not included into consolidated interim balance sheet of the Group, as far as these assets are not the Group assets. Face value of securities presented below is different from market value of the indicated securities. Fiduciary assets are divided by face value into the following categories:

	30 September 2006 (unaudited)	31 December 2005
Securities of investment funds	502,422	307,043
Investment funds deposits placed at other banks	7,800	256,219
Total fiduciary assets	510,222	563,262

The Group also provides depository services to its customers. As at 30 September 2006 and 31 December 2005 the Group had customer securities totaling 37,409,818,778 and 21,142,582,658 items, respectively, in its nominal holder accounts.

The Group maintains accounting and prepares financial statements related to the investment funds assets and operations with them, conducts reconciliations with the managing company in respect of cost, investment fund asset flow and composition, as well as the estimate cost of shares on their subsequent placement or purchase and keeps the investment fund assets and documents certifying the right for the investment fund assets in accordance with the requirements of the legislation of the Republic of Kazakhstan and rules of the Agency of the Republic of Kazakhstan on the regulation and the supervision of financial market and financial organizations.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these condensed interim consolidated financial statements.

Taxes

Kazakhstani commercial legislation, and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the condensed interim consolidated financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 30 September 2006 and 31 December 2005, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

The Group's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

(a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Group that gives then significant influence over the Group; and that have joint control over the Group;
(b) Associates – enterprises on which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
(c) Joint ventures in which the Group is a venturer;
(d) Members of key management personnel of the Group or its parent;
(e) Close members of the family of any individuals referred to in (a) or (d);
(f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties as at 30 September 2006 and 31 December 2005:

	30 September 2006 (unaudited)		31 December 2005	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Loans to customers, gross	9,608,093	348,151,457	4,108,203	216,843,769
Allowance for impairment losses on loans to customers	(692,344)	(13,832,740)	(337,336)	(9,033,411)
Customer accounts	76,266	202,705,624	345,100	140,401,275
Guarantees issued	1,271	23,571,574	8,668	14,841,730

During the nine months ended 30 September 2006 and the year ended 31 December 2005 the Group received related party loans repaid of KZT 2,900,152 thousand and KZT 631,188 thousand, respectively. The Group has interest income accrued in respect of loans granted to related parties totaling KZT 477,135 thousand and KZT 61,341 thousand, respectively, as at 30 September 2006 and 31 December 2005, respectively.

During the nine months ended 30 September 2006 and the year ended 31 December 2005 the Group repaid deposits and advances from related parties of KZT 19,461 and KZT 35,718, respectively.

As at 30 September 2006 and 31 December 2005 the Group purchased/sold securities under repos agreements from/to related parties for the total of KZT 1,981,234 thousand and KZT 297,566 thousand, respectively.

Included in the consolidated interim profit and loss account for the nine months ended 30 September 2006 and 30 September 2005 are the following amounts which arose due to transactions with related parties:

	Nine months ended 30 September 2006 (unaudited)		Nine months ended 30 September 2005 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income		33,500,000		17,216,823
-related companies	437,220		153,598	
-directors	46,789		22,075	
Interest expense		(20,739,522)		(9,491,624)
-related companies	(2,914)		(5,576)	
Salary for key management personnel	(70,467)	(7,445,656)	(54,303)	(4,874,020)

Transactions with related parties entered by the Group during the nine months ended 30 September 2006 and 30 September 2005 and outstanding as at 30 September 2006 and 30 September 2005 were made in the normal course of business and mostly under arm-length conditions.

20. SEGMENT REPORTING

The Group's primary format for reporting segment information is business segments.

Business Segments

The Group is organised on the basis of four main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- Investment activity – representing financial instruments trading.
- Finance lease - finance lease services.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding items such as taxation and borrowings. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below.

	Retail banking	Corporate banking	Investment activity	Finance lease	Eliminations	Nine months ended 30 September 2006 (unaudited)
External interest income	11,341,334	18,426,631	3,507,874	224,161	-	33,500,000
Interest income from other segments	-	3,457,043	2,989	-	(3,460,032)	-
Total interest income	11,341,334	21,883,674	3,510,863	224,161	(3,460,032)	33,500,000
External interest expense	(4,919,663)	(12,618,529)	(3,201,330)	-	-	(20,739,522)
Interest expense form other segments	-	(3,230,578)	(55,051)	(174,403)	3,460,032	-
Total interest expense	(4,919,663)	(15,849,107)	(3,256,381)	(174,403)	3,460,032	(20,739,522)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	6,421,671	6,034,567	254,482	49,758	-	12,760,478
Provision for impairment losses on interest bearing assets	(1,519,968)	(3,546,593)	-	-	-	(5,066,561)
NET INTEREST INCOME	4,901,703	2,487,974	254,482	49,758	-	7,693,917
Net gain on financial assets at fair value through profit or loss	-	-	586,334	-	-	586,334
Net gain on foreign exchange operations	347,349	810,482	20,017	39,855	-	1,217,703
Net realized gain on investments available-for-sale	-	-	10,234	-	-	10,234
Fee and commission income/(expense)	1,140,932	3,250,592	22,103	(14,799)	-	4,398,828
Other income/(expense)	26,241	744,341	(367)	22,377	-	792,592
NET NON-INTEREST INCOME	1,514,522	4,805,415	638,321	47,433	-	7,005,691
OPERATING INCOME	6,416,225	7,293,389	892,803	97,191	-	14,699,608
OPERATING EXPENSES	(2,112,165)	(4,931,534)	(352,737)	(49,220)	-	(7,445,656)
OPERATING PROFIT	4,304,060	2,361,855	540,066	47,971	-	7,253,952
Provision for impairment losses on other transactions	(140,072)	(326,837)	(257,783)	-	-	(724,692)
PROFIT BEFORE INCOME TAX	4,163,988	2,035,018	282,283	47,971	-	6,529,260
Income tax expense	(273,834)	(638,947)	(1,552)	(3,124)	-	(917,457)
NET PROFIT	3,890,154	1,396,071	280,731	44,847	-	5,611,803
Attributable to:						
Equity holders of the parent	3,890,154	1,396,071	277,147	21,342	-	5,584,714
Minority interest	-	-	3,584	23,505	-	27,089
	3,890,154	1,396,071	280,731	44,847	-	5,611,803
Total consolidated assets	513,659,157		117,464,021	2,634,429	(119,227,096)	514,530,511
Total consolidated liabilities	478,984,907		115,973,655	2,458,776	(118,076,923)	479,340,415

	Retail banking	Corporate banking	Investment activity	Financial leasing	Eliminations	Nine months ended 30 September 2005 (unaudited)
External interest income	4,832,605	12,088,457	144,641	151,120	-	17,216,823
Interest income from other segments	-	130,291	938	-	(131,229)	-
Total interest income	4,832,605	12,218,748	145,579	151,120	(131,229)	17,216,823
External interest expense	(3,339,581)	(6,149,907)	(2,136)	-	-	(9,491,624)
Interest expense form other segments	-	(938)	-	(130,291)	131,229	-
Total interest expense	(3,339,581)	(6,150,845)	(2,136)	(130,291)	131,229	(9,491,624)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	1,493,024	6,067,903	143,443	20,829	-	7,725,199
Provision for impairment losses on interest bearing assets	(1,117,896)	(2,608,425)	-	-	-	(3,726,321)
NET INTEREST INCOME	375,128	3,459,478	143,443	20,829	-	3,998,878
Net loss on financial assets at fair value through profit or loss	-	-	(30,064)	-	-	(30,064)
Net gain on foreign exchange operations	-	-	17,212	-	-	17,212
Net realized gain on investments available-for-sale	247,234	576,879	103	11,871	-	836,087
Fee and commission income/(expense)	941,323	2,305,939	161,967	(9,455)	-	3,399,774
Other income/(expense)	9,137	152,866	(270)	307,093	-	468,826
NET NON-INTEREST INCOME	1,197,694	3,035,684	148,948	309,509	-	4,691,835
OPERATING INCOME	1,572,822	6,495,162	292,391	330,338	-	8,690,713
OPERATING EXPENSES	(1,339,712)	(3,125,993)	(177,212)	(231,103)	-	(4,874,020)
OPERATING PROFIT	233,110	3,369,169	115,179	99,235	-	3,816,693
Provision for impairment losses on other transactions	(3,893)	(9,082)	(67,753)	-	-	(80,728)
PROFIT BEFORE INCOME TAX	229,217	3,360,087	47,426	99,235	-	3,735,965
Income tax expense	(53,884)	(125,729)	(24,386)	(4,381)	-	(208,380)
NET PROFIT	175,333	3,234,358	23,040	94,854	-	3,527,585
Attributable to:						
Equity holders of the parent	175,333	3,234,358	26,619	94,739	-	3,531,049
Minority interest	-	-	(3,579)	115	-	(3,464)
	175,333	3,234,358	23,040	94,854	-	3,527,585
Total consolidated assets	257,409,371		856,600	2,451,899	(2,783,023)	257,934,847
Total consolidated liabilities	236,318,986		65,896	2,570,879	(2,410,666)	236,545,095

21. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Group's risk management policies in relation to those risks follows.

The Group manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimisation. Risk Analysis and Management Department performs determination of the optimum structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

The analysis of balance sheet interest risk and liquidity risk is presented in the table below:

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	30 September 2006 (unaudited)
ASSETS							
Interest bearing assets:							
Loans and advances to banks	19,596,014	23,201,439	1,189,555	217,301	-	-	44,204,309
Financial assets at fair value through profit or loss	12,409,642	-	-	-	-	-	12,409,642
Loans to customers, less allowance for impairment losses	12,560,290	20,372,755	95,636,185	128,327,366	77,422,121	-	334,318,717
Investments available-for-sale	19,678,273	700,039	1,203,595	520,045	-	-	22,101,952
Investments held-to-maturity	19,471,253	13,100,445	3,000,000	1,000,000	-	-	36,571,698
Total interest bearing assets	83,715,472	57,374,678	101,029,335	130,064,712	77,422,121	-	449,606,318
Cash and balances with the National Bank of the Republic of Kazakhstan	43,555,373	-	-	-	-	-	43,555,373
Financial assets at fair value through profit or loss	1,311,207	-	-	-	-	-	1,311,207
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	7,678,954	7,678,954
Loans and advances to banks	7,624,168	-	-	-	-	-	7,624,168
Investments available-for-sale	-	-	-	-	-	165,137	165,137
Income tax assets	-	-	390,850	-	-	-	390,850
Other assets, less allowance for impairment losses	3,874,499	324,005	-	-	-	-	4,198,504
TOTAL ASSETS	140,080,719	57,698,683	101,420,185	130,064,712	77,422,121	7,844,091	514,530,511
LIABILITIES							
Interest bearing liabilities:							
Loans and advances from banks	5,624,690	37,265,777	46,119,978	54,073,993	-	-	143,084,438
Customer accounts	12,910,489	10,669,748	50,635,891	37,954,217	32,819,971	-	144,990,316
Debt securities issued	-	418,176	318,745	92,459,569	7,530,515	-	100,727,005
Subordinated debt	-	387,817	-	3,312,662	27,086,308	-	30,786,787
Total interest bearing liabilities	18,535,179	48,741,518	97,074,614	187,800,441	67,436,794	-	419,588,546
Loans and advances from banks	47,995	-	-	-	-	-	47,995
Customer accounts	57,418,003	46,941	246,350	4,014	-	-	57,715,308
Other liabilities	1,756,472	-	-	-	-	232,094	1,988,566
TOTAL LIABILITIES	77,757,649	48,788,459	97,320,964	187,804,455	67,436,794	232,094	479,340,415
Liquidity gap	62,323,070	8,910,224	4,099,221	(57,739,743)	9,985,327		
Interest sensitivity gap	65,180,293	8,633,160	3,954,721	(57,735,729)	9,985,327		
Cumulative interest sensitivity gap	65,180,293	73,813,453	77,768,174	20,032,445	30,017,772		
Cumulative interest sensitivity gap as a percentage of total assets	12.7%	14.4%	15.1%	3.9%	5.8%		

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2005
ASSETS							
Interest bearing assets:							
Cash and balances with the National Bank of the Republic of Kazakhstan	6,501,944	-	-	-	-	-	6,501,944
Loans and advances to banks	35,364.32[illegible]	392,101	815,945	72,893	-	-	36,645,266
Financial assets at fair value through profit or loss	34,023,024	-	-	-	-	-	34,023,024
Loans to customers, less allowance for impairment losses	11,618,336	20,107,189	60,473,787	93,188,641	22,422,405	-	207,810,358
Investments available-for-sale	11,322,753	1,359,412	3,479,844	1,399,825	-	-	17,561,834
Investments held-to-maturity	-	-	-	62,460	-	-	62,460
Total interest bearing assets	98,830,384	21,858,702	64,769,576	94,723,819	22,422,405	-	302,604,886
Cash and balances with the National Bank of the Republic of Kazakhstan	10,099,062	-	-	-	-	-	10,099,062
Financial assets at fair value through profit or loss	61,751	-	-	-	-	-	61,751
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	6,105,415	6,105,415
Loans and advances to banks	7,943,400	-	-	-	-	-	7,943,400
Investments available-for-sale	-	-	-	-	-	157,975	157,975
Income tax assets	241,837	-	-	-	-	-	241,837
Other assets, less allowance for impairment losses	2,978,214	6,498	31,990	-	-	-	3,016,702
TOTAL ASSETS	120,154,648	21,865,200	64,801,566	94,723,819	22,422,405	6,263,390	330,231,028
LIABILITIES							
Interest bearing liabilities:							
Loans and advances from banks	38,794,788	11,613,734	64,768,457	422,210	-	-	115,599,189
Customer accounts	9,107,572	6,913,512	36,806,681	52,629,137	-	-	105,456,902
Debt securities issued	1,068,608	-	-	27,010,492	5,511,045	-	33,590,145
Subordinated debt	249,780	-	-	3,475,595	9,852,868	-	13,578,243
Total interest bearing liabilities	49,220,748	18,527,246	101,575,138	83,537,434	15,363,913	-	268,224,479
Loans and advances from banks	48,793	-	-	-	-	-	48,793
Customer accounts	34,944,373	-	-	-	-	-	34,944,373
Other liabilities	672,701	-	-	-	-	129,225	801,926
TOTAL LIABILITIES	84,886,615	18,527,246	101,575,138	83,537,434	15,363,913	129,225	304,019,571
Liquidity gap	35,268,033	3,337,954	(36,773,572)	11,186,385	7,058,492		
Interest sensitivity gap	49,609,636	3,331,456	(36,805,562)	11,186,385	7,058,492		
Cumulative interest sensitivity gap	49,609,636	52,941,092	16,135,530	27,321,915	34,380,407		
Cumulative interest sensitivity gap as a percentage of total assets	15.0%	16.0%	4.9%	8.3%	10.4%		

Cash flow interest rate risk

Cash flow interest rate risk – the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Treasury Department performs management of interest rate and market risks through determination of the transferring rates and general rates of borrowed and allocated resources, which enables the Group to avoid negative interest margin. Risk Analysis and Management Department develops limits for interest gaps and performs monitoring of spread level and net interest margin. Assets and Liabilities Management Committee approves limits on interest gaps, transferring rates and general interest rates for borrowed and allocated resources.

The following table presents an analysis of interest rate risk and thus the potential of the Group for gain or loss. Effective interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Group.

	30 September 2006 (unaudited)				31 December 2005			
	KZT	USD	EURO	Other currency	KZT	USD	EURO	Other currency
ASSETS								
Loans and advances to banks	6.9%	5.9%	2.9%	-	2.3%	3.3%	1,2%	7,2%
Financial assets at fair value through profit or loss	8.3%	5.0%	-	-	8.9%	4.0%	2.3%	-
Loans to customers	15.02%	13.79%	11.64%	12.07%	15.4%	13.8%	10.9%	-
Investments available-for-sale	4.1%	11.1%	-	-	5.6%	11.0%	-	-
Investments held-to-maturity	5.2%	11.2%	-	-	8%	-	-	-
LIABILITIES								
Loans and advances from banks	9.4%	7.2%	5.2%	8.2%	4.3%	3.6%	4.00%	6.8%
Customer accounts	9.4%	7.3%	6.5%	-	9.2%	7.6%	6.8%	-
Debt securities issued	9.4%	8.0%	-	-	7.8%	8%	-	-
Subordinated debt	10.2%	11.0%	-	-	9.6%	11.0%	-	-

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Treasury Department performs currency risk management through management of open currency position, which enables the Group to minimize losses from significant fluctuations of exchange rates of national and foreign currencies. Risk Analysis and Management Department determines limits on open currency positions, arbitrary positions and stop-loss. All limits and restrictions are approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD 1USD= KZT 127.22	EUR 1EUR= KZT 161.26	Other currency	30 September 2006 (unaudited)
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	27,008,867	15,643,744	846,349	56,413	43,555,373
Loans and advances to banks	10,023,012	38,687,300	2,908,199	209,966	51,828,477
Financial assets at fair value through profit or loss	5,877,292	7,843,557	-	-	13,720,849
Loans to customers, less allowance for impairment losses	132,649,692	194,138,814	7,440,274	89,937	334,318,717
Investments available-for-sale	20,180,189	2,084,139	2,761	-	22,267,089
Investments held-to-maturity	35,932,562	639,136	-	-	36,571,698
Fixed and intangible assets, less accumulated depreciation and amortization	7,678,954	-	-	-	7,678,954
Income tax assets	390,850	-	-	-	390,850
Other assets, less allowance for impairments losses	3,364,722	504,205	328,989	588	4,198,504
TOTAL ASSETS	243,106,140	259,540,895	11,526,572	356,904	514,530,511
LIABILITIES					
Loans and advances from banks	34,024,015	103,601,729	5,377,191	129,498	143,132,433
Customer accounts	60,459,143	138,266,136	3,822,835	157,510	202,705,624
Debt securities issued	35,967,999	64,759,006	-	-	100,727,005
Other liabilities	865,997	815,964	301,290	5,315	1,988,566
Subordinated debt	16,658,577	14,128,210	-	-	30,786,787
TOTAL LIABILITIES	147,975,731	321,571,045	9,501,316	292,323	479,340,415
OPEN BALANCE SHEET POSITION	95,130,409	(62,030,150)	2,025,256	64,581	

	KZT	USD 1USD= KZT 133.98	EUR 1EUR= KZT 158.99	Other currency	31 December 2005
ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	12,380,533	3,573,446	615,760	31,267	16,601,006
Loans and advances to banks	9,041,911	34,338,811	940,644	267,300	44,588,666
Financial assets at fair value through profit or loss	2,122,264	31,170,086	792,425	-	34,084,775
Loans to customers, less allowance for impairment losses	103,692,748	101,284,914	2,829,911	2,785	207,810,358
Investments available-for-sale	15,533,213	2,186,596	-	-	17,719,809
Investments held-to-maturity	62,460	-	-	-	62,460
Fixed and intangible assets, less accumulated depreciation and amortization	6,105,415	-	-	-	6,105,415
Income tax assets	241,837	-	-	-	241,837
Other assets, less allowance for impairments losses	2,996,215	18,910	1,495	82	3,016,702
TOTAL ASSETS	152,176,596	172,572,763	5,180,235	301,434	330,231,028
LIABILITIES					
Loans and advances from banks	15,561,450	97,333,416	2,752,830	286	115,647,982
Customer accounts	95,291,340	42,651,576	2,305,432	152,927	140,401,275
Debt securities issued	6,115,532	27,474,613	-	-	33,590,145
Other liabilities	275,736	295,478	199,480	31,232	801,926
Subordinated debt	11,988,663	1,589,580	-	-	13,578,243
TOTAL LIABILITIES	129,232,721	169,344,663	5,257,742	184,445	304,019,571
OPEN BALANCE SHEET POSITION	22,943,875	3,228,100	(77,507)	116,989	

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Assets and Liabilities Management Committee sets limits on size and structure of risk assets. The Credit Committee approves each new loan and lease, and any changes and amendments to such agreements. The Credit Department performs current monitoring.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, to industry and geographical segments. Limits on the level of credit risk by borrower, product, industry sector and by region are approved by the Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guaranties. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring.

The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

Geographical concentration

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	**Other non-OECD countries**	**OECD countries**	**30 September 2006 (unaudited)**
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	43,555,373	-	-	43,555,373
Loans and advances to banks	24,344,085	8,866,911	18,617,481	51,828,477
Financial assets at fair value through profit or loss	6,726,834	-	6,994,015	13,720,849
Loans to customers, less allowance for impairment losses	324,035,673	9,086,234	1,196,810	334,318,717
Investments available-for-sale	22,267,089	-	-	22,267,089
Investments held-to-maturity	36,571,698	-	-	36,571,698
Fixed and intangible assets, less accumulated depreciation and amortization	7,678,954	-	-	7,678,954
Income tax assets	390,850	-	-	390,850
Other assets, less allowance for impairment losses	4,198,504	-	-	4,198,504
TOTAL ASSETS	469,769,060	17,953,145	26,808,306	514,530,511
LIABILITIES				
Loans and advances from banks	41,989,545	463,358	100,679,530	143,132,433
Customer accounts	202,705,624	-	-	202,705,624
Debt securities issued	87,858,280	-	12,868,725	100,727,005
Other liabilities	1,988,566	-	-	1,988,566
Subordinated debt	3,774,452	-	27,012,335	30,786,787
TOTAL LIABILITIES	338,316,467	463,358	140,560,590	479,340,415
NET BALANCE SHEET POSITION	131,452,593	17,489,787	(113,752,284)	

	Kazakhstan	Other non-OECD countries	OECD Countries	31 December 2005
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	16,601,006	-	-	16,601,006
Loans and advances to banks	9,443,905	282,291	34,862,470	44,588,666
Financial assets at fair value through profit or loss	3,948,255	-	30,136,520	34,084,775
Loans to customers, less allowance for impairment losses	207,180,488	-	629,870	207,810,358
Investments available-for-sale	17,719,809	-	-	17,719,809
Investments held-to-maturity	62,460	-	-	62,460
Fixed and intangible assets, less accumulated depreciation and amortization	6,105,415	-	-	6,105,415
Income tax assets	241,837	-	-	241,837
Other assets, less allowance for impairment losses	3,016,702	-	-	3,016,702
TOTAL ASSETS	264,319,877	282,291	65,628,860	330,231,028
LIABILITIES				
Loans and advances from banks	24,048,879	84,401	91,514,702	115,647,982
Customer accounts	140,401,275	-	-	140,401,275
Debt securities issued	33,590,145	-	-	33,590,145
Other liabilities	801,926	-	-	801,926
Subordinated debt	12,231,491	-	1,346,752	13,578,243
TOTAL LIABILITIES	211,073,716	84,401	92,861,454	304,019,571
NET BALANCE SHEET POSITION	53,246,161	197,890	(27,232,594)	

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