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 FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS PROSPECTUS MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, you must be a person other than a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting the e-mail and accessing this Prospectus, you shall be deemed to have represented to us that you are not a U.S. person and that you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus 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 this Prospectus to any other person.

The materials relating to the offering do 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 the offering be made by a licensed broker or dealer and the permanent dealers or any affiliate of the permanent dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the permanent dealers or such affiliate on behalf of the Issuer or the Bank in such jurisdiction.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there by any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this 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 the Prospectus. This Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer or the Bank.

This 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 Credit Suisse Securities (Europe) Limited or UBS Limited nor any person who controls them 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 Credit Suisse Securities (Europe) Limited or UBS Limited.

ALB Finance B.V.

(a financial company incorporated in The Netherlands)

U.S.$150,000,000 9.375 per cent. Perpetual Non-cumulative Capital Securities

with the benefit of a subordinated support agreement provided by

JSC Alliance Bank

(an open joint stock company incorporated in the Republic of Kazakhstan)

Issue Price: 98.417 per cent.

The U.S.$150,000,000 9.375 per cent. perpetual non-cumulative capital securities (the ''**Securities**'') are issued by ALB Finance B.V. (the ''**Issuer**'' or ''**ALB Finance**''), a subsidiary of JSC Alliance Bank (the ''**Bank**''). The Securities will entitle holders, subject to certain conditions described herein, to receive non-cumulative cash distributions (the ''**Distributions**'') in respect of the period: (i) from (and including) the Closing Date (as defined below) to (but excluding) 19 April 2016 (the ''**First Call Date**'') at a fixed rate of 9.375 per cent. per annum, payable, subject as provided herein, semi-annually in arrear on 19 April and 19 October in each year, commencing on 19 October 2006 and (ii) from (and including) the First Call Date at a floating rate per annum equal to the sum of six month LIBOR (as defined in ''Terms and Conditions of the Securities – Distributions'') and 6.2055 per cent., payable, subject as provided herein, semi-annually in arrear on 19 April and 19 October in each year, subject to adjustment as described herein, commencing on 19 October 2016. See ''Terms and Conditions of the Securities — Distributions'', ''— Limitation on Distributions'' and ''— Partial Payment of Distributions''. The Securities will be constituted by, subject to, and have the benefit of a Trust Deed dated 19 April 2006 (the **''Trust Deed**'') between the Issuer, the Bank and J.P. Morgan Corporate Trustee Services Limited as trustee for the holders of the Securities.

All obligations of the Issuer to make payments in respect of the Securities will be supported on a limited and subordinated basis by the Bank pursuant to a subordinated support agreement dated 19 April 2006 (the ''**Subordinated Support Agreement**'') all as more fully described herein under ''Subordinated Support Agreement''.

The Securities will be perpetual securities and not subject to any mandatory redemption provisions. The Securities will be redeemable, however, on the First Call Date or on any Distribution Payment Date thereafter in whole, but not in part, subject to satisfaction of the Redemption Condition (as defined in ''Terms and Conditions of the Securities – Redemption and Purchase''), at the option of the Issuer, at the Optional Redemption Price (as defined in ''Terms and Conditions of the Securities — Redemption and Purchase''). The Securities will also be redeemable during the period commencing on the fifth anniversary of the Closing Date and ending on the day prior to the First Call Date at the option of the Issuer, subject to satisfaction of the Redemption Condition, in whole but not in part, at any time following the occurrence of (i) certain tax events or (ii) a capital disqualification event (each as described in ''Terms and Conditions of the Securities — Redemption and Purchase''), at the Optional Redemption Price, all as more fully described herein under ''Terms and Conditions of the Securities — Redemption and Purchase''. Under existing requirements of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (the ''**FMSA**''), neither the Issuer nor the Bank may redeem or purchase any Securities unless the FMSA has given its prior written consent or written notice of non-objection.

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 Securities 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 Securities to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. Unless the context otherwise requires, references in this Prospectus to Securities being ''listed'' (and all related references) shall mean that such Securities have been admitted to the Official List and have been admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market, a regulated market for the purposes of Directive 93/22/EEC (the ''**Investment Service Directive**''). In addition, the Bank shall use its best endeavours to cause the Securities to be listed on the Kazakhstan Stock Exchange (''**KASE**'').

See ''Risk Factors'' starting on page 21 for a discussion of certain factors that should be considered in connection with an investment in the Securities.

The Securities are expected to be assigned on issue a rating of ''B1'' by Moody's Investors Service Limited (''Moody's''). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the ''**Securities Act**''). The Securities 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, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Securities will be in registered form and will initially be represented by beneficial interests in a global certificate (the ''**Global Certificate**''), in fully registered form, without coupons, which will be registered in the name of a nominee of, and deposited on or about 19 April 2006 (the ''**Closing Date**'') with JPMorgan Chase Bank, N.A., as common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (''**Euroclear**'') and Clearstream Banking, société anonyme (''**Clearstream, Luxembourg**''). The Securities will be issued in denominations of U.S.$150,000 and any amount in excess thereof which is an integral multiple of U.S.$1,000. Beneficial interests in the Securities represented by the Global Certificate will be reflected in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, individual definitive certificates representing the Securities (the ''**Definitive Certificates**'') will not be issued in exchange for beneficial interests in the Global Certificate. See ''Form of Securities and Transfer Restrictions; Summary of Provisions Relating to the Securities in Global Form''.

Joint Lead Managers

Credit Suisse **UBS Investment Bank**

The date of this Prospectus is 13 April 2006

IMPORTANT NOTICE

None of the Managers (as defined under "Subscription and Sale"), 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 Securities or guarantees the accuracy or completeness of such information, and nothing herein is to be construed as a representation or warranty by the Managers, the Trustee or any of their respective directors, affiliates, advisers or agents. Furthermore, none of the Managers or the Trustee make any representation or warranty or assumes any responsibility, liability or obligation in respect of the legality, validity or enforceability of the Securities or the Subordinated Support Agreement, the performance and observance by the Issuer or the Bank of their respective obligations in respect of the Securities or the Subordinated Support Agreement, as the case may be, or the recoverability of any sums due or to become due from the Issuer or the Bank under the Securities or the Subordinated Support Agreement.

In making an investment decision, investors must rely on their own examination of the Issuer, the Bank, the Republic of Kazakhstan and the terms of the Securities, the Subordinated Support Agreement and 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 Securities 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 Managers or the Trustee or any of their directors, affiliates, advisers or agents. No representation or warranty, express or implied, is made by the Managers, the Trustee or any of their 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 at any time subsequent to its date.

Neither this Prospectus, nor any other information supplied in connection with the offer or sale of the Securities, (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Bank, the Managers or the Trustee that any recipient of this Prospectus or any other information supplied relating to the offer or sale of the Securities should purchase any Securities. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposal of Securities and any foreign exchange restrictions that might be relevant to them.

An investment in the Securities is only suitable for finally sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result therefrom.

The distribution of this Prospectus and the offer or sale of the Securities in certain jurisdictions is restricted by law. This Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase the Securities by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. This Prospectus may not be used for, or in connection with, any offer to sell or a solicitation of an offer to purchase the Securities by anyone in any jurisdiction, or under any circumstance, where it is unlawful to make such an offer or solicitation. This Prospectus has been prepared by the Issuer and the Bank solely for use in connection with the proposed offering of the Securities and for the listing of the Securities on the Gilt Edged and Fixed Interest Market of the London Stock Exchange and may be used only for the purposes for which it is published. Persons into whose possession this Prospectus may come are required by the Issuer, the Bank, the 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 Securities and the distribution of this Prospectus is set out under "Subscription and Sale" and "Form of Securities and Transfer Restrictions; Summary of Provisions Relating to the Securities in Global Form".

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE "STABILISING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT, PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF SECURITIES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES, OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES 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 SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES.

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 and belief of the Responsible Persons (which have taken all reasonable care to ensure that such is the case), except as noted below with respect to information relating to the Kazakhstan banking sector, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

The information in this Prospectus relating to the Kazakhstan banking sector, which is contained under the heading "The Banking Sector in Kazakhstan" and elsewhere in this Prospectus, has been extracted from documents and other publications released by, and is presented on the authority of, various official and other public and private sources, including participants in the capital markets and financial sector in Kazakhstan. 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 the Bank is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render such information inaccurate or misleading.

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ENFORCEMENT OF FOREIGN JUDGMENTS

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

The Securities, the Trust Deed, the Subordinated Support Agreement and the Paying Agency Agreement are governed by the laws of England and ALB Finance and the Bank have agreed in 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 Securityholder, 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 England. However, each of Kazakhstan and England are parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards (the "Convention") and 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.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Certain of 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. 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 industries in which the Bank competes; changes in government regulation; changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); results of litigation or arbitration; interest rate fluctuations and other market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders and the timing, impact and other uncertainties of future actions. See ''Risk Factors'' for a discussion of important factors that could cause actual results to differ materially from these forward-looking statements.

The Bank is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written forward-looking statements attributable 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. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Securities should not place undue reliance on these forward-looking statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Bank is required to maintain its books of account in Tenge in accordance with relevant laws and regulations in Kazakhstan, including the regulations of the National Bank of Kazakhstan (the ''NBK'') and, since 1 January 2004, the regulations of the FMSA.

The financial information of the Bank set forth herein, has, unless otherwise indicated, been derived from its audited consolidated balance sheet and consolidated profit and loss accounts, statements of cash flows and changes in equity as at and for the years ended 31 December, 2005, 2004 and 2003 (the ''Consolidated Financial Statements''). The Consolidated Financial Statements, including the notes thereto, were prepared in accordance with International Financial Reporting Standards (''IFRS''), formerly referred to as International Accounting Standards.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to ''U.S.$'', ''U.S. Dollars'' and ''$'' are to the lawful currency of the United States of America, references to ''Tenge'' or ''KZT'' are to Kazakhstani Tenge, the lawful currency of the Republic of Kazakhstan and references to ''Euro'' and ''€'' are to the currency introduced at the start of the third stage of the European Economic and Monetary union pursuant to the Treaty establishing the European community, as amended. References to ''Kazakhstan'' or the ''Republic'' are to the Republic of Kazakhstan, references to the ''Government'' are to the government of Kazakhstan and references to the ''CIS'' are to the Commonwealth of Independent States.

Solely for the convenience of the reader, this Prospectus presents unaudited translations of certain Tenge amounts into U.S. Dollars at KZT133.77 per U.S.$1.00 which was the official exchange rate for U.S. Dollars reported by the NBK on 31 December 2005. As at 28 March 2006, the Tenge/U.S. Dollar exchange rate was KZT127.89 per U.S. $1.00.

For further details of applicable exchange rates, see ''Exchange Rates and Exchange Controls'' and the Consolidated Financial Statements.

No representation is made that the Tenge or U.S. Dollar amounts in this Prospectus could have been converted into U.S. Dollars or Tenge, as the case may be, at any particular rate or at all. Certain amounts which appear in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be the sum of the figures which precede them.

THIRD PARTY INFORMATION

Generally, information as to the market and competitive position data included in this Prospectus have been obtained from the NBK, Kazakhstan's National Statistics Agency (the ''NSA''), the FMSA, published financial information and from surveys or studies conducted by third-party sources that are believed to be reliable. Such information has been extracted from documents and other publications released by various officials and other public and private sources, including participants in the capital markets and financial sector in Kazakhstan. There is not necessarily any uniformity of views among such sources as to the information provided therein. No assurance can be given as to the accuracy and completeness of any such information and such market, industry and economic data has not been independently verified but the Bank accepts responsibility for the correct reproduction of such information.

GENERAL DESCRIPTION OF THE ISSUER AND THE BANK

The following information is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, including the related notes thereto, appearing elsewhere in this Prospectus as well as related documents referred to herein. Prospective investors should also carefully consider the information set forth under ''Risk Factors'' prior to making an investment decision. A general description of the Securities and the Subordinated Support Agreement is set forth under ''General Description of the Offering''.

Overview of the Issuer and the Bank

Subject as provided above, the following summary highlights significant aspects of the Issuer's business and the Bank's business.

ALB Finance B.V.

ALB Finance B.V. is a wholly owned subsidiary of the Bank incorporated on 3 October 2005 under the laws of The Netherlands for the purpose of, amongst other things, raising funds in the international capital markets and lending such funds to the Bank.

The Bank

The Bank was incorporated in 1993 as an open joint stock company under the name IrtyshBusinessBank OJSC and merged with Semipalatinsk City Bank in 1999. The combined bank primarily served large industrial enterprises in the Eastern Kazakhstan and Pavlodar regions.

In 2001, a consortium of domestic companies acquired a 37 per cent. interest in the Bank and in 2002, the Bank changed its name to OJSC Alliance Bank and relocated its headquarters to Almaty, Kazakhstan's financial centre.

In 2004, the Bank was re-registered as a joint stock company, JSC Alliance Bank.

The Bank's Business

As at 31 December 2005, the Bank was the fifth largest commercial bank in Kazakhstan in terms of assets, with assets of KZT332,758 million; the fourth largest bank in Kazakhstan in terms of shareholders' equity, with shareholders' equity of KZT28,032 million; and the fourth largest bank in Kazakhstan in terms of total time deposits (including retail deposits), with total time deposits of KZT100,347 million.

The Bank is authorised to act as a commercial bank and to offer a wide range of traditional banking services, including deposit taking, lending, issuing letters of credit and guarantees, availing promissory notes, issuing payment cards, foreign currency exchange, broker-dealer transactions, custody operations, clearing and safe-keeping operations, leasing, correspondent banking, precious metal brokering, cash operations, remittances, trust operations, pawnshop operations, factoring and forfeiting operations and issuing securities. The Bank's primary business consists of retail and corporate banking. Its retail banking activities include lending and deposit taking as well as the provision of payment cards. The Bank's corporate banking division provides a broad range of banking products to a diversified group of domestic customers, primarily small- and medium-sized enterprises which at the time of borrowing have in total no more than 250 employees and total assets of up to U.S.$2.5 million (''SMEs'') and require financing of up to U.S.$1 million. The Bank is also an active participant in the fixed income securities and foreign currency markets in Kazakhstan.

As at the date of this Prospectus, the Bank had 16 full service branches located in major cities of Kazakhstan and 56 cash settlement offices (that provide a more limited range of banking services) throughout Kazakhstan.

The Bank's Strategy

As Kazakhstan's economy grows and the private sector expands, the Bank's management (the ''Management'') expects to see continued strong demand from private sector companies for financial services, including a range of financing. In addition, Management believes that the demand for retail banking services will continue to grow, to a large extent, due to a further increase of public confidence in the banking sector.

Following two years of rapid expansion of both its deposit base and its loan portfolio, Management aims to consolidate the Bank's position in the market and to continue steady growth. Generally, the Bank's strategy focuses on the strengthening and expansion of all business lines across retail, corporate banking (especially SME) and capital market services. The Bank's newest strategic plan places a particular emphasis on developing the Bank's retail banking business through an increased network of points-of-sale and brokers to provide, initially, retail lending, and as the targeting of new retail accounts develops, additional retail deposits and other retail banking products.

The key elements of the Bank's strategy include:

- development and strengthening of its existing market position;
- entry into new financial market segments;
- continuous improvement of financial performance;
- optimisation and modernisation of banking products;
- increasing the quality of its service; and
- increased national coverage.

The Bank's Credit Ratings

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

Fitch		Moody's	
Individual	D	Strength	E+
Long term	BB-	Long term	Ba2
Short term	B	Short term	NP
Outlook	Stable	Outlook	Positive

In addition, the Securities are expected to be assigned on issue a rating of "B1" by Moody's.

A 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.

SUMMARY FINANCIAL INFORMATION

The summary financial information presented below as at and for the years ended 31 December 2005, 2004 and 2003 has been derived from, should be read in conjunction with and is qualified in its entirety by, the Consolidated Financial Statements, including the notes thereto, contained elsewhere in this Prospectus.

The Consolidated Financial Statements were audited by LLP Deloitte & Touche, Kazakhstan, whose audit reports are included elsewhere in this Prospectus.

Prospective investors should read the summary financial information in conjunction with the information contained in "Risk Factors" and the Consolidated Financial Statements, including the notes thereto, and the other financial data contained elsewhere in this Prospectus.

Consolidated Profit and Loss Account

	For the years ended 31 December			
	2005	**2005**	**2004**	**2003**
	(U.S.$ thousands)[1] *(unaudited)*	*(KZT millions) (audited)*	*(KZT millions) (audited)*	*(KZT millions) (audited)*
Interest income	132,184	17,562	6,973	4,292
Interest expense	(88,642)	(11,777)	(4,205)	(2,611)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	43,542	5,785	2,768	1,681
Provision for impairment losses on interest bearing assets	(37,039)	(4,921)	(1,305)	(1,088)
NET INTEREST INCOME	6,503	864	1,463	593
Net gain on assets held-for-trading	2,092	278	129	141
Net gain on foreign exchange operations	4,667	620	46	235
Fee and commission income	25,674	3,411	1,380	616
Fee and commission expense	(3,312)	(440)	(113)	(62)
Net loss on derecognition of investments available-for-sale	(45)	(6)	(1)	—
Other income	6,322	840	246	182
NET NON-INTEREST INCOME	35,398	4,703	1,687	1,112
OPERATING INCOME	41,901	5,567	3,150	1,705
OPERATING EXPENSES	(31,522)	(4,188)	(2,261)	(1,464)
OPERATING PROFIT	10,379	1,379	889	241
Provision for impairment losses on other transactions	(68)	(9)	(2)	(22)
(Provision)/Recovery of provision for impairment losses on guarantees and other off balance sheet contingencies	(978)	(130)	(26)	16
Share of results of associates	—	—	—	2
PROFIT BEFORE INCOME TAX	9,333	1,240	861	237
Income tax benefit/(expense)	2,680	356	—	(29)
NET PROFIT	**12,013**	**1,596**	**861**	**208**

Notes

(1) Translated at the average U.S. Dollar exchange rate for the year ended 31 December 2005, as reported by the NBK, of KZT132.86 = U.S.$1.00.

Consolidated Balance Sheet

	As at 31 December			
	2005	**2005**	**2004**	**2003**
	(U.S.$ thousands)[1] *(unaudited)*	*(KZT millions) (audited)*	*(KZT millions) (audited)*	*(KZT millions) (audited)*
ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	316,416	42,327	19,631	2,378
Precious metals	22	3	2	1
Assets held-for-trading	592,681	79,283	31,324	1,564
Loans and advances to banks, less allowance for impairment losses	76,116	10,182	892	2,242
Securities purchased under agreements to resell	30,186	4,038	6,421	401
Loans and advances to customers, less allowance for impairment losses	1,346,318	180,097	53,309	30,670
Investments available-for-sale	83,046	11,109	5,467	4,904
Investments held-to-maturity	3,461	463	1,260	6,884
Investment in associated companies		—	—	50
Fixed and intangible assets, less accumulated depreciation and amortization	16,304	2,181	1,036	748
Income tax assets	4,179	559	116	43
Other assets, less allowance for impairment losses	18,808	2,516	402	389
TOTAL ASSETS	**2,487,537**	**332,758**	**119,860**	**50,274**
LIABILITIES AND EQUITY				
LIABILITIES:				
Due to the budget of the Republic of Kazakhstan	964	129	284	538
Deposit from the National Bank of the Republic of Kazakhstan	44,853	6,000	4,000	1,000
Loans and advances from banks	707,603	94,656	9,463	3,931
Securities sold under agreements to repurchase	46,804	6,261	16,592	1,131
Customer accounts	1,031,278	137,954	67,454	36,885
Debt securities issued	399,850	53,488	1,999	296
Dividends payable	366	49	60	—
Other liabilities	6,279	840	147	76
	2,237,997	299,377	99,999	43,857
Subordinated debt	39,987	5,349	3,873	2,687
TOTAL LIABILITIES	2,277,984	304,726	103,872	46,544
EQUITY:				
Share capital	186,140	24,900	14,989	3,575
Share premium	30	4	5	—
Fixed assets revaluation reserve	3,670	491	73	76
Investments available-for-sale fair value reserve	1,525	204	38	—
Retained earnings	18,188	2,433	883	79
Total equity	209,553	28,032	15,988	3,730
TOTAL LIABILITIES AND EQUITY	**2,487,537**	**332,758**	**119,860**	**50,274**

Notes

(1) Translated at the official U.S. Dollar exchange rate as at 31 December 2005, as reported by the NBK, of KZT133.77 = U.S.$1.00.

	As at or for the years ended 31 December		
	2005	2004	2003
	(per cent. unless otherwise noted)		
Combined Key Ratios:			
Return on shareholders' equity[(1)]	7.3	8.7	7.4
Net earnings per common share (in KZT)	903.73	1,715.98	635.28
Operating expenses/operating income before provisions for impairment losses	39.9	50.8	52.4
Operating expenses/operating income after provisions for impairment losses	75.2	71.8	85.9
Effective provisioning rate on customer loans (excluding accrued interest income)	4.1	4.8	5.2
Profitability Ratios[(2)]:			
Net interest margin (i.e., net interest income before provisions for impairment losses as a percentage of average interest-earning assets)	3.6	4.4	4.8
Net interest income as a percentage of average interest-earning assets	0.5	2.3	1.7
Operating expenses as a percentage of net interest income before provisions for impairment losses	72.4	81.7	87.1
Operating expense as a percentage of average total assets	2.4	3.4	4.1
Profit after taxation as a percentage of average total assets	0.9	1.3	0.6
Profit after taxation as a percentage of average shareholders' equity	8.2	15.0	7.4
Balance Sheet Ratios:			
Customer accounts as a percentage of total assets	41.5	56.3	73.4
Total net loans to customers as a percentage of total assets	54.1	44.5	61.0
Total equity as a percentage of total assets	8.4	13.3	7.4
Liquid assets as a percentage of customer accounts[(3)]	98.1	86.4	17.4
Liquid assets as a percentage of liabilities of up to one month	215.6	136.7	62.2
Capital Adequacy Ratios[(4)]:			
Total capital	13.32	27.06	14.79
Tier 1 capital	11.12	21.68	10.16
Asset Quality Ratios[(5)]:			
Non-performing loans as a percentage of total loans	1.8	2.9	4.0
Non-performing loans as a percentage of total loans and guarantees	1.5	2.7	3.8
Provisions for impairment losses as a percentage of non-performing loans	222.2	161.2	127.6
Exchange Rates used in financial statements of the Bank[(6)]:			
Period end	133.77	130.00	144.22
Average for the period[(7)]	132.86	136.04	149.58
Macroeconomic Data:			
Consumer Price Inflation (for the twelve months then ended)	7.6	6.7	6.8
Real GDP (change during the year)	9.4	9.4	9.2

Notes

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

(2) Averages are based upon average daily balances.

(3) Liquid assets include cash and balances with NBK, precious metals, loans and advances to banks (with maturity of less than one month), assets held-for-trading and securities sold under agreements to resell.

(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 and Write-Offs*".

(6) KZT/U.S.$1.00

(7) The average monthly rate is the average of the Bank's daily rates for the month. The average annual rates is the average of the 12 monthly average rates.

GENERAL DESCRIPTION OF THE OFFERING

The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and related documents referred to herein.

Issuer:	ALB Finance B.V., a wholly-owned subsidiary of the Bank, incorporated in The Netherlands with limited liability.
Bank and Support Provider:	JSC Alliance Bank.
Issue Size:	U.S.$150,000,000.
Issue Details:	Perpetual Non-cumulative Capital Securities each with a minimum denomination of U.S.$150,000 and any amount in excess thereof which is an integral multiple of U.S.$1,000.
Issue Date:	19 April 2006 (the "**Issue Date**")
Issue Price:	98.417 per cent.
Yield:	9.625 per cent.
Use of Proceeds:	The Issuer will lend the total net proceeds from the issue of the Securities to the Bank under a perpetual non-cumulative subordinated loan agreement (the "**Subordinated Loan**"). The Subordinated Loan will contain terms that correspond to the provisions of the Securities. In particular, the Subordinated Loan will have an aggregate principal amount that equals the aggregate principal amount of the Securities and bear interest at a rate which is at least equal to the rate at which the Distributions are payable on the Securities.
Subordinated Support Agreement:	The Bank will undertake to the Issuer in a Subordinated Support Agreement that if, at any time, the Issuer has insufficient funds to enable it to meet in full its payment obligations in respect of the Securities, as and when such obligations fall due, the Bank will make available to the Issuer such funds in such form as are sufficient to enable the Issuer to meet such obligations. The Issuer undertakes to take all reasonable steps necessary to enforce the obligations of the Bank undertaken in the Subordinated Support Agreement for the benefit of the Issuer. In the event that the Issuer fails to duly perform its payment obligations under the Securities and has not, within ten Business Days in Almaty of such failure to perform, enforced all rights which may have accrued to it under the Subordinated Support Agreement, 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 Securities then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or provided with security or pre-funded to its satisfaction) shall, take steps in the name of, and on behalf of, the Issuer to enforce the Bank's obligations under the Subordinated Support Agreement. As more fully described in the Conditions, the Bank's payment obligations under the Subordinated Support Agreement will rank: (a) subordinate and junior only to all Senior Obligations of the Bank; (b) *pari passu* with all Parity Obligations of the Bank; and (c) senior only to all Junior Obligations of the Bank.

	As used in the Conditions: "**Junior Obligations**" means (a) all classes of ordinary and preferred shares of the Bank, (b) any securities or other obligations of the Bank that rank junior to the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise, (c) any securities or other obligations of a Subsidiary of the Bank including the Issuer (other than the Securities) entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank that ranks junior to the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise, and (d) any such guarantees, support agreements or similar undertakings of the Bank; "**Parity Obligations**" means (a) any other present and future undated or perpetual subordinated indebtedness, (b) any securities or other obligations of the Bank and any guarantee, support agreement or other similar undertaking of the Bank, in each case, that rank *pari passu* with the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise and (c) any preferred or preference shares, securities or other obligations of a Subsidiary of the Bank, including the Issuer, entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank which guarantee, support agreement or other similar undertaking ranks *pari passu* with the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise; and "**Senior Obligations**" means present and future unsubordinated and dated subordinated indebtedness of the Bank which ranks by or under its own terms senior, or does not rank subordinate to, the Subordinated Support Agreement.
Status of the Securities and Limited Recourse	Subject to exceptions provided by mandatory applicable law, the payment obligations of the Issuer under the Securities constitute direct, general, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu* amongst themselves and at least *pari passu* with any other present and future unsecured and unsubordinated obligations of the Issuer; provided that, in each case where amounts of principal, Distributions and additional amounts (if any) are stated in the Conditions or in the Trust Deed to be payable in respect of the Securities, Securityholders must rely solely and exclusively on (i) the covenant of the Issuer to pay under the Conditions, (ii) the obligations of the Bank undertaken in the Subordinated Support Agreement, (iii) the covenant of the Issuer contained in the Trust Deed (described in Condition 5) to enforce the obligations of the Bank under the Subordinated Support Agreement and (iv) the right of the Trustee contained in the Trust Deed (described in Condition 5) to take action to enforce the obligations of the Bank under the Subordinated Support Agreement if the Issuer fails to do so. Securityholders shall have no recourse (direct or indirect) to any other assets of the Issuer. The Securities and the Subordinated Support Agreement are intended to provide Securityholders, as nearly as possible, with rights in respect of Distributions and payments of principal equivalent to those to which Securityholders would be entitled if they held directly issued obligations of the Bank which on a

	winding up of the Bank would rank *pari passu* with the obligations of the Bank under the Subordinated Support Agreement.
Distributions:	Subject to "*Limitations on Distributions*" below, Distributions in respect of the Securities shall accrue from the Issue Date on the principal amount of the Securities: (i) in respect of each Distribution Period from (and including) the Issue Date to (but excluding) 19 April 2016 (the "**First Call Date**"), at a fixed rate per annum of 9.375 per cent., payable semi-annually in arrear in U.S. Dollars on each Distribution Payment Date commencing 19 October 2006 and ending on the First Call Date; and (ii) in respect of each Distribution Period from (and including) the First Call Date, at a floating rate per annum equal to the sum of (i) six month LIBOR and (ii) 6.2055 per cent., payable semi-annually in arrear in U.S. Dollars on each Distribution Payment Date commencing 19 October 2016. As used in the Conditions: "**Distribution Period**" means the period from (and including) the Issue Date to (but excluding) the first Distribution Payment Date and each successive period from (and including) a Distribution Payment Date to (but excluding) the next succeeding Distribution Payment Date; "**Distributions**" means the non-cumulative distributions in respect of the Securities; and "**Distribution Payment Date**" means 19 April and 19 October of each year, as more fully set out in the Conditions.
Limitations on Distributions:	Distributions will be paid by the Issuer on each Distribution Payment Date except to the extent that: (i) the Bank is in breach of the Capital Adequacy Regulations then applicable to the Bank; or (ii) such payment, if made by the Bank, together with the amount of any dividends or other distributions paid or scheduled to be paid by the Bank to holders of Parity Obligations on the relevant Distribution Payment Date would breach or cause a breach of the Capital Adequacy Regulations then applicable to the Bank; or (iii) the Bank's board of directors in its sole discretion has notified the FMSA and the Issuer that it has determined that the Bank is, or in the near term will be, in breach of the Capital Adequacy Regulations then applicable to it; or (iv) the Bank would otherwise be prohibited under applicable Kazakhstan banking laws or regulations from making such payment itself, provided, however, that if the Bank, the Issuer or any other Subsidiary of the Bank has paid any dividend or distribution or made any other payment on or in respect of any class of Parity Obligations or Junior Obligations or has redeemed, repurchased or otherwise acquired any class of Parity Obligations or Junior

	Obligations, except a Permitted Payment or Acquisition, during a Distribution Period then, sub-paragraphs (i), (ii) and (iii) above shall not apply and the Issuer shall, subject to sub-paragraph (iv) above, be required to pay the relevant Distribution in full on the Securities on the Distribution Payment Date for such Distribution Period. As used herein, "**Permitted Payment or Acquisition**" means that the whole or any part of a dividend, distribution, other payment, redemption, repurchase or acquisition, as the case may be, which is made without the exercise of any discretion on the part of the Bank, the Issuer or any other subsidiary of the Bank, as the case may be, as a result of the operation of mandatory provisions of Kazakhstan law or the mandatory provisions of any Parity Obligations or Junior Obligations outstanding as at 13 April 2006.
Distributions non-cumulative:	If a Distribution payable on a Distribution Payment Date is not paid by virtue of the limitations set out under "*Limitations on Distributions*" above, then the entitlement of Securityholders to such Distribution will be lost. Accordingly no payment will need to be made at any time by the Issuer or the Bank in respect of any such missed payment.
Withholding Tax and Additional Amounts:	The Securities will contain a gross-up provision in respect of the imposition of withholding taxes in The Netherlands, which will be subject to customary exceptions. The Subordinated Support Agreement will contain a gross-up provision in respect of the imposition of Kazakhstan withholding taxes. Under such gross-up provisions the Issuer will pay to the Securityholders or the Bank will pay to the Issuer (as the case may be) such additional amounts as may be necessary in order that the net amounts which would have been receivable by such Securityholders or the Issuer (as the case may be) after such withholding for any taxes imposed by The Netherlands and/or Kazakhstan (as the case may be) shall equal the respective amounts of principal and Distributions which would have been receivable in the absence of such withholding. The obligations of the Issuer and the Bank, as the case may be, to pay any such additional amounts will also be subject to the limitations described in "*Limitations on Distributions*" above.
Optional Redemption:	The Securities will be perpetual securities and not subject to any mandatory redemption. Subject to satisfaction of the Redemption Condition, the Securities are redeemable on the First Call Date or on any Distribution Payment Date thereafter in whole, but not in part, at the option of the Issuer, upon not less than 30 nor more than 60 days' notice to the Holders, at the Optional Redemption Price (being the principal amount of the Securities together with any accrued but unpaid Distributions (notwithstanding "*Limitations on Distributions*" above) calculated from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date of payment plus any applicable additional amounts thereon). As used in the Conditions, "**Redemption Condition**" means, with respect to any redemption or purchase of the Securities, that the prior written consent of, or written notice of non-objection by, the

	FMSA to such redemption or purchase, if then required, has been obtained and that any conditions attaching to such consent or notice have been satisfied in full.
Tax Redemption:	Subject to satisfaction of the Redemption Condition, if, as a result of a change in the laws or regulations of The Netherlands and/or Kazakhstan or the application or official interpretation thereof occurring, in each case on or after 13 April 2006 the Issuer satisfies the Trustee that: (i) payments to the Securityholders under the Securities would be subject to deduction, or to withholding, or would give rise to any obligation of the Issuer to account, for any tax in The Netherlands; (ii) payments by the Bank under or in respect of the Subordinated Loan and/or the Subordinated Support Agreement would, be subject to any deduction or withholding tax in Kazakhstan at a rate greater than 10 per cent. (after taking account of any relief available under any applicable tax treaty); (iii) the Issuer is or would be subject to more than a *de minimis* amount of tax in respect of the Subordinated Loan or the Securities in The Netherlands; or (iv) the Bank would not obtain a deduction for the purposes of corporate tax in Kazakhstan for any payment of interest in respect of the Subordinated Loan, and, in each case, such deduction, withholding, obligation, tax or, as the case may be, failure to obtain a deduction cannot be avoided by the Issuer or the Bank, as the case may be, taking reasonable measures available to it, then the Securities will be redeemable, at the option of the Issuer, in whole but not in part, at any time on or after 19 April 2011 and prior to the First Call Date upon not less than 30 nor more than 60 days' notice of redemption to the Securityholders specifying the Call Date (which notice shall be irrevocable), all as more fully set out in the Conditions. Upon expiry of such notice, the Issuer shall be bound to redeem the Securities at the Optional Redemption Price.
Capital Disqualification Event Redemption:	Subject to satisfaction of the Redemption Condition, if, as a result of any change in applicable law or the Capital Adequacy Regulations (or the application or official interpretation thereof), occurring after the initial written confirmation (or notice of non-objection) to the Bank from the FMSA that a portion of the Subordinated Loan has qualified as Tier 1 Capital of the Bank pursuant to the Capital Adequacy Regulations, the principal amount of the Subordinated Loan would no longer be capable of qualifying (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion as Tier 1 Capital of the Bank, then the Securities will be redeemable, at the option of the Issuer, in whole but not in part, at any time on or after 19 April 2011 and prior to the First Call Date, upon not less than 30 nor more than 60 days' notice of redemption to the Securityholders specifying the Call Date (which notice shall be irrevocable), all as more fully set out in the Conditions. Upon expiry of such notice, the Issuer shall be bound to redeem the Securities at the Optional Redemption Price.

	As used in the Conditions: "**Capital Adequacy Regulations**" means the Instructions on Standard Values and Assessment Methods for Prudential Standards for Second-Tier Banks, approved by the Resolution No. 358 of the FMSA, together with any other notices or regulations which, from time to time, amend, supplement or supersede such notice or otherwise detail the manner in which instruments issued by banks in Kazakhstan may constitute Tier 1 Capital; and "**Tier 1 Capital**" has the meaning ascribed to it in the Capital Adequacy Regulations.
Events of Default and Enforcement:	An "**Event of Default**" shall have occurred if: (i) the Issuer fails to pay any Distribution (and any additional amounts thereon) in respect of the Securities when the same becomes due and payable and such failure continues for a period of five Business Days in London and New York City; (ii) proceedings shall have been instituted under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, for the Issuer or the Bank to be adjudicated a bankrupt and such proceedings remain undischarged or unstayed for a period of 60 days or an effective resolution is passed by the Issuer or the Bank, or the Issuer or the Bank shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or an order is made for the bankruptcy, liquidation or winding up of the Issuer or the Bank. Upon the occurrence of an Event 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 Securities then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or provided with security or pre-funded to its satisfaction) shall, give notice to the Issuer that the Securities are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with any accrued and unpaid Distributions in respect of the current Distribution Period (and any additional amounts thereon) and participate in the relevant proceedings for the bankruptcy, liquidation or winding up of the Issuer or the Bank.
Amendments:	No amendments may be made to the terms and conditions of the Securities or the Subordinated Support Agreement without the prior written consent of the FMSA and otherwise subject to the Conditions.
Form of the Securities:	The Securities will be in registered form. The Securities will, on issue, be represented by a Global Certificate. On or about the Issue Date, the Global Certificate will be registered in the name of a nominee of, and deposited with a common depositary for Euroclear and Clearstream, Luxembourg. So long as the Securities are represented by the Global Certificate and the relevant clearing system(s) so permit, interests in the Securities will be tradeable only in a minimum denomination of U.S.$150,000 and integral multiples of U.S.$1,000 above such amount.

	In the event that the Global Certificate is exchanged for Definitive Certificates, such Definitive Certificates will be issued with a minimum denomination of U.S.$150,000 and integral multiples of U.S.$1,000 above such amount.
Governing Law:	The Securities will be governed by, and construed in accordance with, English law. The Subordinated Support Agreement will be governed by, and construed in accordance with, English law save for the subordination provisions therein which will be construed in accordance with the laws of Kazakhstan.
Listing:	Application will be made for the Securities to be admitted to the Official List of the UK Listing Authority and to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.
Ratings:	The Securities are expected to be assigned on issue a rating of "B1" by Moody's. Credit ratings assigned to the Securities do not necessarily mean that the securities are a suitable investment. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
Risk Factors:	For a discussion of certain risk factors relating to Kazakhstan, the Bank and the Securities that prospective investors should carefully consider prior to making an investment in the Securities, see "Risk Factors".
Security Codes:	The identification numbers for the Securities are as follows: ISIN Code: XS0251702618 Common Code: 025170261

RISK FACTORS

Investment in the Securities involves a high degree of risk. Potential investors should carefully review this entire Prospectus and in particular should consider all the risks inherent in making such an investment, including the risk factors set forth below, before making a decision to invest. These risk factors, individually or collectively, could have a material adverse effect on the business, operations and financial condition of ALB Finance, the Bank and/or the Group and/or the rights under the Securities of the holders of the Securities.

Risks Relating to ALB Finance

ALB Finance is a finance subsidiary of the Bank without independent operations or revenues. As such, its ability to meet its obligations under the Securities will be dependent upon the support of the Bank. This list is not exclusive.

Risk Factors Relating to the Bank

Growth Management

The Bank's gross loans and advances (before allowances for impairment losses) have increased rapidly in recent years growing by 105 per cent. in 2003 to KZT32,301 million, by 73 per cent. in 2004 to KZT55,915 million and by a further 236 per cent. in 2005 to KZT187,652 million. The growth in the gross loan portfolio over the period was attributable to substantial increase in the lending activity of the Bank, especially to SMEs and, more recently, retail customers which comprised 27 per cent. of the total loan portfolio as at 31 December 2005 compared to nine per cent. in 2003. Classified loans, being loans classified by the Bank in accordance with IFRS as unsatisfactory, doubtful and loss, as a percentage of gross loans, decreased from 9.1 per cent. in 2003 to 6.0 per cent. in 2004 and then decreased to 4.2 per cent in 2005.

The significant increase in the loan portfolio size has increased the Bank's credit exposure and will require continued monitoring by the Bank's management of credit quality and the adequacy of its impairment assessment and continued improvement in the Bank's credit risk management programme.

In particular, the Bank's strategy of further diversifying its customer base, including through increased lending to retail customers and SMEs, may also increase further the credit risk exposure in the Bank's loan portfolio. SMEs and retail customers typically have less financial strength, and negative developments in the Kazakhstan economy could affect these borrowers more significantly, than larger borrowers. The Bank is also targeting customers in the mass retail market and providing "express" uncollateralised loans to such customers, making the Bank's ability to recover amounts owed to it more difficult in the event of a default. Approximately 17 per cent. of the Bank's loans to retail customers were uncollateralised as at 31 December 2005, compared to 29 per cent. as at 31 December 2004. In addition, there is generally less financial information available about smaller companies and retail customers. As a result, the Bank may need to change its estimates of impairment and implement additional credit risk management policies and procedures. Failure to manage growth and development successfully and to maintain the quality of its assets could have a material adverse effect on the Bank's results of operations and financial condition.

Growth rates such as those recently experienced by the Bank also require the Bank to attract and retain a significant number of qualified personnel and to train new personnel appropriately, not only to monitor asset quality, but also to ensure access to appropriately flexible funding sources that do not impose inappropriate constraints on the Bank's future funding strategy. Furthermore, the development of relatively new products, such as new mortgage products and financing products for SMEs and retail borrowers, require not only credit assessment skills and personnel, but also risk management experience and systems, some of which are not currently in place at the Bank. As the average maturity of the Bank's loan portfolio increases, it will need to introduce more sophisticated techniques to manage related risks. There can be no assurance that the Bank will obtain the necessary skills and systems to manage these types of risks in a timely manner, if at all. Failure to manage growth and development successfully and to maintain the quality of its assets and/or flexibility as to funding sources could have a material adverse effect on the Bank's results of operations and financial condition.

Concentration of Lending and Deposit Base

As at 31 December 2005, the Bank's 10 largest borrowers accounted for 18.0 per cent. of gross commercial loans and advances, compared to 18.5 per cent. as at 31 December 2004 and 23.7 per cent. as at 31 December 2003. The Bank will have to continue to place emphasis on credit quality and to further develop financial and management controls to monitor this credit exposure; a failure to achieve this could have a material adverse effect on the Bank's results of operations and financial condition.

As at 31 December 2005, the Bank's 10 largest corporate depositors accounted for approximately 16 per cent. of total liabilities, compared to 21 per cent. and 29 per cent. as at 31 December 2004 and 2003, respectively. The Bank intends to reduce the concentration in its deposit base by attracting SME and retail depositors. Failure to reduce such concentration could, however, expose the Bank to increased liquidity risk and have a material adverse effect on the Bank's results of operations and financial condition.

Retail Strategy

In February 2006, Management of the Bank decided to focus its growth strategy primarily on providing lending services to mass retail customers in Kazakhstan through various distribution channels. Currently, no other banks in the country have sought to aggressively target this market. With the lack of financial information available about such borrowers, the susceptibility of such borrowers to economic and other factors, and the decision by the Bank to provide certain of its loans to customers in the sector without collateral, failure to properly manage and monitor loans provided in such sector and the lack of adherence to strict credit risk programmes and the ability to enforce against defaulters would have a material adverse effect on the Bank's results of operations and financial condition.

In addition, whilst the Bank currently receives a considerable yield on such loans, if competition were to develop in the sector, the Bank may need to reduce its rates thereby reducing its margin on such assets and putting further pressure on the Bank's profitability.

Capitalisation

Although the Bank has maintained relatively high capitalisation in recent years due to successive capital injections from its shareholders, if the Bank's loan portfolio continues to increase as rapidly as it has in previous years, capital will be required in the medium-term to strengthen further the Bank's capital base. In addition, the recent use of commercial loans funded through increased levels of debt financing from financial institutions and capital markets as the Bank's source of funding has changed to meet its lending demands will also require the Bank to raise additional capital in order to meet required capital adequacy levels. Any failure to maintain adequate levels of capital in the future could substantially limit the Bank's ability to continue to increase the size of its loan portfolio whilst complying with applicable regulatory guidelines and covenants imposing certain minimum capital adequacy requirements on the Bank, which could, in turn, have a material adverse effect on the Bank's results of operations and financial condition.

Reform of the International Capital Adequacy Framework

In 2001, the Basel Committee issued a proposal for a new capital adequacy framework to replace the current Capital Accord issued in 1988. With regard to the risk weightings to be applied to exposures to sovereign states, the Basel Committee proposes replacing the existing approach with a system that would use both external and internal credit assessments for determining risk weightings. It is intended that such an approach will also apply, either directly or indirectly and to varying degrees, to the risk weighting of exposures to banks, securities firms and corporates. 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 rating of Kazakhstan, possibly resulting in a higher cost of borrowing for Kazakhstan banks, including the Bank.

Liquidity Risk

The Bank, like other commercial banks in Kazakhstan and elsewhere, is exposed to liquidity risk due to maturity mismatches between its assets and liabilities. As at 31 December 2005, the Bank had a negative liquidity gap of KZT16,839 million KZT51,637 million and KZT2,445 million for maturities of between one month and three months, three months and one year and one year and five years, respectively. Although the Bank believes that its level of access to domestic and international inter-bank markets and its liquidity risk management policy, which includes maintaining liquidity reserves sufficient to meet the Bank's liquidity needs for a certain period, allow and will continue to allow the Bank to meet its short-term and long-term liquidity needs, any maturity mismatches between the Bank's assets and liabilities (including by reason of the withdrawal of large deposits) may have a material adverse effect on the Bank's results of operations and financial condition.

Interest Rate Risk

The Bank is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. While the Bank monitors its interest rate sensitivity by analysing the composition of its assets and liabilities and off-balance sheet financial instruments, interest rate movements may have a material adverse effect on its business, results of operations and financial condition.

Foreign Currency Risks

The Bank is exposed to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. Although the Bank is subject to limits on its open currency positions pursuant to NBK and FMSA regulations and the Bank's internal policies, future changes in currency exchange rates and the volatility of the Tenge may adversely affect the Bank's foreign currency positions. Although the Bank uses a limited, albeit increasing (following its increased US dollar exposures under loans contracted in 2005) number of currency hedging arrangements, no assurance can be given that such hedging arrangements will be available or sufficient for the Bank's future operations due to the underdevelopment of the currency hedging market in Kazakhstan.

Risk Management Systems

Management of these risks also requires substantial resources. Although Management believes that the Bank's information technology and management information systems, policies and procedures are adequate for the purposes of measuring, monitoring and managing the Bank's exposure to liquidity, interest rate, foreign exchange and other market risks in the context of its existing business, as the Bank's business continues to grow and develop, the Bank's risk profiles are likely to change, particularly as growth in the loan portfolio is focused on retail and SMEs borrowers. Management continually assesses its risk management infrastructure and resources and the Bank has made considerable investments in information technology over the last three years and has currently engaged Deloitte & Touche to provide a review of its risk management functions. However, in the event that the Bank's risk management systems are not developed in line with the growth in the Bank's business and related shifts in its risk exposures, this could have a material adverse effect on the Bank's results of operations and financial condition.

Lack of Information and Risk Assessments

Kazakhstan's system for gathering and publishing statistical information relating to its economy generally or specific economic sectors within it or corporate or financial information relating to companies and other economic enterprises is not as comprehensive as that found in many countries with established market economies. Thus, the statistical, corporate and financial information, including audited financial statements and recognised debt rating reports, available to the Bank relating to its prospective corporate borrowers or retail clients makes the assessment of credit risk, including the valuation of collateral, more difficult. Although the Bank ordinarily makes an estimation of the net realisable value of collateral on the basis of which it determines applicable impairment assessment and collateralisation requirements, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Bank's assessments of credit risk, thereby increasing the risk of under provisioning and decreasing the likelihood that the Bank would be able to enforce any security in respect of the corresponding loan or that the relevant collateral will have a value commensurate to the loan secured on it.

Concentration of Securities Portfolio

Historically, the Bank has had a significant concentration of securities issued by the Ministry of Finance of the Republic of Kazakhstan and the NBK (91 per cent. of assets held-for-trading as at 31 December 2004), exposing the Bank to significant risk to the value of its securities portfolio in the event of non-payment by either economic or political events affecting the region. In 2005, the Bank restructured its portfolio to mitigate this risk by diversifying into securities issued by foreign issuers (in particular US Treasury bills which comprised 47 per cent. of assets held-for-trading at 31 December 2005) and corporates. However, if the composition of its portfolio changes in the future leading to further concentration, no assurance can be given that a default or economic or political circumstances affecting such issuers will not have an impact on the value of its assets held for trading which, in turn, would adversely affect the Bank results of operations or financial condition.

Competition

The Bank is subject to competition from both domestic and foreign banks. As at 31 December 2005, there were 33 commercial banks licensed in Kazakhstan, excluding the NBK and JSC Development Bank of Kazakhstan (the "DBK"), 14 of which were banks with foreign ownership, including nine subsidiaries of foreign banks. According to the NBK, as at 31 December 2005, the three largest banks in Kazakhstan, JSC Kazkommertsbank, JSC Bank TuranAlem and JSC Halyk Bank, held approximately 60.9 per cent. of total loans and 58.8 per cent. of total bank assets in Kazakhstan. Moreover, although foreign-owned banks do not currently provide significant domestic competition, these institutions have significantly greater resources and cheaper funding bases than the Bank. Foreign banks also have greater international experience, allowing them to target the best domestic corporate customers, as well as foreign companies operating in Kazakhstan. Accordingly, these entities are likely to become competitive with the Bank in the corporate banking sector in the longer-term. The Bank also expects that the DBK, established in 2001, whilst not licensed to accept deposits or provide corporate settlement services, may become an important competitor in the corporate lending sector. See "*Description of the Bank — Competition*".

Dependence on Key Personnel

The Bank's success in growing its business will depend, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel. The Bank relies on its senior management for the implementation of its strategy and its day-to-day operations. As competition for skilled personnel, especially at the senior management level, is intense, the Bank seeks further to develop its remuneration levels and to take other measures to attract and motivate skilled personnel. If the Bank is unable to retain key members of its senior management and cannot hire new qualified personnel in a timely manner, its business and results of operations could be adversely affected. Competition in Kazakhstan for personnel with relevant expertise is intense due to a disproportionately low number of available qualified and/or experienced individuals compared to demand for such individuals. The Bank's failure to manage successfully its personnel needs could adversely affect the Bank's business and results of operations.

Less Developed Banking Regulations

In September 1995, the NBK introduced strict rules and prudential requirements for the operations and the capital adequacy of banks. In addition, the NBK has adopted an institutional development plan for leading Kazakhstan banks, including the Bank. According to the plan, banks are required to prepare their accounts in accordance with IFRS and to start to apply the principals of the Basle Accord within a period determined by the NBK on a case-by-case basis. Banks are also required to join a bank-funded deposit insurance scheme and be audited annually by a public accountancy firm approved by the NBK. Following legislative changes in July 2003, the FMSA was formed and as from 1 January 2004 took responsibility for most of the supervisory and regulatory functions in the financial sector which had previously been performed by the NBK. The FMSA's main task is to regulate and supervise the financial markets and financial institutions. See "The Banking Sector in Kazakhstan". The Bank faces the risk of changes in certain legislative and regulatory acts that may have an adverse effect on its business, results of its operations or the liquidity and market value of the *Securities*. However, in most cases the changes in legislative and regulatory acts that substantially influence the banking sector are only made after preliminary discussion and consideration of the comments made by the Kazakhstan Financier's Association. The Kazakhstan Financier's Association is a trade representative of second tier banks and other financial institutions. In addition, the Government of Kazakhstan may implement additional regulations or policies, including with respect to taxation, interest rates, inflation, exchange controls 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 *Securities*.

Notwithstanding regulatory standards in Kazakhstan, which are high relative to other CIS countries, prospective investors should understand that regulatory standards applicable to banks in Kazakhstan and the oversight and enforcement thereof by the regulators may differ from those applicable to banking operations in countries with more highly developed regulatory regimes. As a result, investors may not have the benefit of all the protections available in such other countries. See "*— Risks relating to Kazakhstan — Kazakhstan's legislative and regulatory framework is less developed than in many Western countries*".

Controlling Shareholder

The Seimar Investment Group ("**Seimar**") currently owns 32.7 per cent. of the common shares of the Bank. In addition, certain of the shareholders of the Bank have entered into agreements related to common understanding and agreement as to the direction of the Bank, although as far as Management is aware, these agreements do not amount to accord on voting arrangements. In February 2006, the FMSA approved Seimar as a bank holding company, and Management of the Bank understands that Seimar intends to exercise certain options it has over shares held by other shareholders negotiated in 2005 to obtain a controlling interest in the Bank in the first half of 2006. If circumstances were to arise where Seimar's interests conflicted with the interests of Securityholders, Securityholders could be disadvantaged, as Seimar could take actions contrary to the Securityholders' interests. For example, once Seimar has a controlling interest, it would have the ability to exercise significant control over the Bank's pursuit of acquisitions, divestitures, financings or other transactions that could enhance the value of its equity investment without necessarily benefiting the interests of Securityholders. For a description of the ownership structure of the Bank, see "*Principal Shareholders*".

Risk Factors Relating to the Republic of Kazakhstan

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

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

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. The transition was initially 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 free-market economy through privatisation of state enterprises and deregulation and is more advanced in this respect than some 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 to access world markets for a number of its major exports, including oil, steel, copper, ferro-alloys, iron ore, aluminium, coal, lead, zinc and wheat. Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export. In addition to taking various steps to promote regional economic integration among neighbouring countries, Kazakhstan signed an agreement in September 2003 with Ukraine, Russia and Belarus for the creation of a single economic zone, which is expected to result in common economic policies, harmonisation of legislation implementing such policies and the creation of a single commission on trade and tariffs. The aim of the single economic zone is to create a free customs area within which member countries would enjoy free movement of goods, services, capital and labour. The member countries also intend to co-ordinate their fiscal, credit and currency policies and government policies, both in Kazakhstan and in the region, appear to support further economic integration within the CIS, one of the aims of which is to assure continued access to export routes. However, should access to these routes be materially impaired, this could adversely impact the economy of Kazakhstan. Moreover, adverse economic factors in the regional markets may adversely impact Kazakhstan's economy.

Like other countries in Central Asia, Kazakhstan could be affected by continuing political unrest in the region and the effect any resulting military action may have on the world economy and political stability of other countries. Also, in common with other countries in Central Asia, Kazakhstan could be affected by military or other action taken against sponsors of terrorism in the region. 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 and other commodities, the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by any resulting volatility in oil and other commodity prices and by any sustained fall in them or by the frustration or delay of any infrastructure projects caused by political or economic instability in countries engaged in such projects, such as Turkey, which is a major infrastructure project contributor in the Central Asian region.

Macroeconomic Considerations and Exchange Rate Policies

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

The Government of Kazakhstan began implementing market-based economic reforms in 1992, including the implementation of a significant privatisation programme, the promotion of high levels of foreign direct investment, particularly in the oil and gas sectors, and the introduction of an extensive legal framework. Despite uneven progress in this regard, Kazakhstan has experienced extensive economic transformation over the last 12 years. Since mid-1994, the Government has adhered to a macroeconomic stabilisation programme aimed at curtailing inflation, reducing the fiscal deficit and boosting international currency reserves. According to figures compiled by the NSA, gross domestic product ("GDP") has continued to grow in real terms following the adoption of a floating exchange rate policy in April 1999, increasing by 13.5 per cent. in 2001, 9.8 per cent. in 2002, 9.2 per cent. in 2003, 9.6 per cent. in 2004 and 9.4 per cent. in 2005. However, there can be no assurance that GDP will continue to grow and any decrease in GDP or in the rate of GDP growth in subsequent years could adversely affect Kazakhstan's development.

The Tenge is convertible for current account transactions, although it is not a fully convertible currency outside Kazakhstan. Between 1991, when Kazakhstan began its transition to a market-based economy, and April 1999, the NBK maintained a managed exchange rate policy which, although permitting the general trend in the exchange rate to reflect market conditions, involved official intervention aimed at limiting fluctuations. Depressed export markets in 1998 and early 1999, however, caused considerable pressure on Kazakhstan's managed exchange rate and resulting official intervention in the foreign exchange markets led to losses on foreign currency reserves. In response to these pressures, the authorities instituted a number of expenditure cuts and took revenue increasing measures and, in April 1999, the NBK floated the Tenge. The Tenge fell by 64.6 per cent. against the U.S. Dollar in the year ended 31 December 1999, compared to a depreciation of 10.7 per cent. in the year ended 31 December 1998. Following the adoption of a floating exchange rate policy in 1999, the Tenge continued to depreciate in value against the U.S. Dollar, although at a much slower rate, depreciating by 4.6 per cent. in 2000, by 3.8 per cent. in 2001 and 3.3 per cent. in 2002. The Tenge subsequently appreciated against the U.S. Dollar by 7.3 per cent. during 2003, by a further 9.9 per cent. during 2004 before depreciating against the U.S. Dollar by a further 2.9 per cent. in 2005 to KZT133.77 per U.S.$1.00 as at 31 December 2005. As at 28 March 2006, the official KZT/U.S.D rate of exchange reported by the NBK was KZT127.89 per U.S.$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 policy will not change and any subsequent decision to support the exchange rate could have an adverse impact on Kazakhstan's public finances and economy.

Implementation of Further Market-Based Economic Reforms

The need for substantial investment in many enterprises has driven the Government's privatisation programme. The programme has excluded certain enterprises deemed strategically significant by the Government, although major privatisations in key sectors have taken place, such as full or partial sales of certain large oil and gas producers, mining companies and the national telecommunication company. 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 considerable amount of non-cash transactions in the economy and the significant size of the shadow economy adversely affect the implementation of reforms and hamper the efficient collection of taxes. The Government has stated that it intends to address these problems by improving bankruptcy procedures, the business infrastructure and tax administration and by continuing the privatisation process. However, the implementation of these measures in the short-term has produced few positive results, and improved results may not materialise until the medium-term, if at all. Currently, the Government is considering the possibility of presenting to Parliament a law establishing a one-time property amnesty aimed at reducing the size of the shadow economy and increasing the size of the country's tax base. 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.

Underdevelopment and Evolution of Legislative, Tax and Regulatory Framework

Although a large volume of legislation has come into force since early 1995, including a new tax code in January 2002, laws relating to foreign arbitration and foreign investment, additional regulation of the banking sector and other legislation covering such matters as securities exchanges, economic partnerships and companies, state enterprise reform and privatisation, the legal framework in Kazakhstan (although one of the most developed among the CIS countries) is still at a relatively early stage of development compared to countries with established market economies. The judicial system, judicial officials and other Government officials in Kazakhstan may not be fully independent of external social, economic and political forces; there have been instances of improper payments being made; court decisions can be difficult to predict; and administrative decisions have on occasion been inconsistent.

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

The Government has stated that it believes in continued reform of the corporate governance processes and will ensure discipline and transparency in the corporate sector to promote growth and stability. However, the Government may not continue such policy in the future or such policy, if continued, may not ultimately prove to be successful. Therefore, it is not possible to predict the effect of future legislative developments on the Bank's business and prospects. It is expected that the 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 operation of companies operating in Kazakhstan.

Less Developed Securities Markets

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

Risks Relating to an Investment in the Securities

The Securities and the Subordinated Support Agreement are intended to provide Holders, as nearly as possible, with rights in respect of Distributions equivalent to those to which the Holders would be entitled if they held directly issued obligations of the Bank which on a winding up of the Bank would rank subordinate and junior only to all Senior Obligations of the Bank, *pari passu* with all Parity Obligations of the Bank and senior only to all Junior Obligations of the Bank (all as defined in the Conditions). It is expected that the Issuer's sole source of funds to pay Distributions on the Securities will be payments which it receives under the Subordinated Loan from the Bank, but interests in the Subordinated Loan will not be delivered or otherwise made available to Holders. The rights of Holders shall be represented solely by the Securities which will include an undertaking by the Issuer to take all reasonable steps necessary to enforce the obligations of the Bank owed to the Issuer pursuant to the Subordinated Support Agreement. The Securities are supported on a limited and subordinated basis by the Bank pursuant to the terms of the Subordinated Support Agreement. Accordingly, if the Bank's financial condition were to deteriorate, the Issuer and the Holders might suffer direct and materially adverse consequences, including non-payment of Distributions on the Securities or of payments under the Subordinated Support Agreement.

Distributions not cumulative

Distributions on the Securities will not be cumulative. As set out in "Terms and Conditions of the Securities", Distributions on the Securities will be paid on each Distribution Payment Date unless such payment would, if made directly by the Bank, result in the Bank breaching Kazakhstan capital adequacy regulations and in the other circumstances more fully described herein under "Terms and Conditions of the Securities — Limitations on Distributions". If Distributions on the Securities for any Distribution Period are not paid as a result of such limitations, the Holders will not be entitled to receive such Distributions (and no payment will be made by the Bank to the Issuer under the Subordinated Support Agreement in respect of such Distributions) whether or not these limitations subsequently cease to apply.

Notwithstanding the limitations on the payment of Distributions described above, if the Bank makes certain payments in respect of Parity Obligations or Junior Obligations or redeems or otherwise acquires any Parity Obligations or Junior Obligations, the payment of Distributions for a certain period will, subject to any prohibition arising under applicable banking laws and regulations, be compulsory. Investors should note, however, that although, under Kazakhstan law, preferred shares issued by Kazakhstan joint stock companies, such as the Bank, bear dividends on a cumulative basis, no compulsory payment of Distributions is triggered by the payment of mandatory dividends on the Bank's preferred shares or in the other circumstances described herein under "Terms and Conditions of the Securities — Limitations on Distributions". The Bank has outstanding, as at the date hereof, certain Parity Obligations and Junior Obligations which constitute Tier 1 Capital of the Bank and which entitle the holders thereof to distributions without the exercise of any discretion on the part of the Bank. In the circumstances described more fully herein under "Terms and Conditions of the Securities — Limitations on Distributions", it is possible that the Bank may make payments under such Parity Obligations and Junior Obligations (including those which constitute Tier 1 Capital of the Bank) but not make payment of Distributions under the Securities.

Perpetual nature of the Securities

The Securities will have no fixed final redemption date and Holders will have no rights to call for the redemption of the Securities. Although the Issuer may redeem the Securities in certain circumstances (including at its option on the First Call Date or on any Distribution Payment Date thereafter or, at any time after the fifth anniversary of the Closing Date and prior to the First Call Date, if a tax event or a capital disqualification event (each as more fully described in "Terms and Conditions of the Securities — Redemption and Purchase") occurs), there are limitations on its ability to do so. An optional redemption feature is likely to limit the market value of the Securities. Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period of time.

Subordination and Limited Recourse

The obligations of the Bank under the Subordinated Support Agreement will rank junior as to payments to all liabilities to the Bank's senior creditors (including without limitation depositors, general creditors and subordinated debt holders) and claims of holders of senior ranking securities. In the event that the Bank is wound up, liquidated or dissolved, the assets of the Bank would be available to pay obligations under the Subordinated Support Agreement only after all payments have been made on such senior liabilities and claims.

The Securities are limited recourse obligations of the Issuer. Securityholders must rely solely and exclusively on the covenant of the Issuer to pay, the obligations of the Bank undertaken in the Subordinated Support Agreement, the covenant of the Issuer to enforce such obligations and the right to the Trustee to take action to enforce such obligations if the Issuer fails to do so. Securityholders shall have no recourse (direct or indirect) to any other asset of the Issuer, except that they may have recourse, up to an aggregate amount of €2 million, to the Issuer's receivable from the Bank under a deposit agreement dated 18 November 2005 between the Issuer and the Bank.

The Subordinated Support Agreement will not prohibit or limit the incurrence of senior indebtedness, or the incurrence of other subordinated indebtedness, and other liabilities by the Bank or any Subsidiary of the Bank, and the incurrence of such additional indebtedness or other liabilities could adversely affect the ability of the Issuer or the Bank to pay its obligations in respect of the Securities and the Subordinated Support Agreement, as appropriate. The Bank anticipates that, from time to time, it will incur additional indebtedness, including senior indebtedness, and that it will, and Subsidiaries of the Bank may, from time to time, incur other additional indebtedness and liabilities.

In addition, in order for the Securities to qualify as Tier 1 Capital, as defined by the FMSA, the terms of the Securities may contain only very limited events of default related to non-payment or insolvency of the Bank.

Limited rights under the Subordinated Support Agreement

The Securities will be obligations of the Issuer. The Securities will not constitute obligations of, nor will they be guaranteed by, the Bank.

The Bank will enter into a Subordinated Support Agreement in favour of the Issuer pursuant to which the Bank will agree to maintain at all times the Issuer as a subsidiary, to cause the Issuer to maintain a Tangible Net Worth (as defined in the Subordinated Support Agreement) of at least one euro and to make available to the Issuer funds sufficient to enable the Issuer to meet its payment obligations under the Securities. However, the Subordinated Support Agreement does not provide the rights and benefits of a guarantee and the Holders under the Securities will not be entitled to make a demand on the Bank for direct payment to them of principal or interest or other amounts payable in respect of the Securities if the Issuer fails to make payment thereof when due, although, if the Issuer fails to enforce any rights which may have accrued to it under the Subordinated Support Agreement following its failure for ten Business Days in Almaty or more to perform its obligations under the Securities, in which case, the Trustee (on behalf of the Holders) may take steps in the name of, and on behalf of, the Issuer to enforce the Bank's obligations to the Issuer under the Subordinated Support Agreement.

Taxation in Kazakhstan applicable to payments by the Bank under the Subordinated Support Agreement

Payments of amounts equivalent to distributions by the Bank under the Subordinated Support Agreement 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 such relief will be obtained. The Bank has agreed to pay additional amounts in respect of such withholding. See "Terms and Conditions of the Securities — Taxation". The enforceability in Kazakhstan of such an agreement has not to date been determined by the courts in Kazakhstan and there may be some doubt as to whether they would enforce such an agreement. Prospective purchasers and holders of Securities should consult their own professional advisers as to the tax consequences of them holding or transferring the Securities.

Limited suitability of investment

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

Emerging market risks

The markets for securities bearing emerging market risks, such as the risk factors relating to Kazakhstan described above, 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.

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

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 relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Security 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 relevant 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.

Trading in the clearing systems

The terms and conditions of the Securities provide that Securities will be issued with a minimum denomination of U.S.$150,000 and integral multiples of U.S$1,000 in excess thereof. It is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than these minimum denominations. If Definitive Certificates are required to be issued in relation to such Securities in accordance with the provisions of the terms of the Global Certificate a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Securities unless and until such time as his holding becomes an integral multiple of the minimum denomination.

No prior market for the Securities

An active trading market in the Securities may not develop or be maintained after any listing. In addition, the liquidity of any market for the Securities will depend on the number of holders of the Securities, the interest of securities dealers in making a market in the Securities 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 Securities.

The trading price of the Securities 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 Securities.

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 Securities.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Securities. 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 Securities. 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 (i) Securities are lawful investments for it, (ii) Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any

Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk based capital or similar rules.

Enforceability of judgments

Kazakhstan's courts will not enforce any judgment in a court established in a country other than Kazakhstan unless there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Kazakhstan and the United Kingdom. Each of Kazakhstan and the United Kingdom are parties to the 1958 New York convention on Recognition and Enforcement of Arbitral Awards (the "**Convention**") and, accordingly, an arbitration award should be recognised and enforceable in Kazakhstan provided the conditions of enforcement set out in the Convention are met. See "*Enforceability of Judgments*".

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the terms and conditions of the Securities which, subject to amendment and completion and except for the paragraphs in italics, will be endorsed on each certificate in definitive form representing a Security (if issued). The terms and conditions applicable to any Security represented by a certificate in global form will differ from those terms and conditions which would apply to the Security were the certificate representing it in definitive form, to the extent described under "Form of Securities and Transfer Restriction; Summary of Provisions Relating to the Securities represented by Certificates in Global Form".

The U.S.$150,000,000 9.375 per cent. perpetual non-cumulative capital securities (the "Securities") of ALB Finance B.V. (the "Issuer") (a) have the benefit of a limited and subordinated support agreement dated 19 April 2006 (as amended or supplemented from time to time, the "Subordinated Support Agreement") between the Issuer and JSC Alliance Bank (the "Bank"), (b) are constituted by, and subject to, and have the benefit of a Trust Deed dated 19 April 2006 (as amended or supplemented from time to time, the "Trust Deed") between the Issuer and the Bank and J.P. Morgan Corporate Trustee Services Limited, as trustee (the "Trustee", which expression includes all persons for the time being appointed as trustee or trustees for the holders of the Securities and (c) are the subject of a paying agency agreement dated 19 April 2006 as amended or supplemented from time to time, the "Paying Agency Agreement") between the Issuer, the Bank, JPMorgan Chase Bank, N.A., acting through its New York branch as registrar (the "Registrar", which expression includes any successor registrar appointed from time to time in connection with the Securities), JPMorgan Chase Bank, N.A., as principal paying agent (the "Principal Paying Agent", which expression includes any successor principal paying agent appointed from time to time in connection with the Securities), the other paying and transfer agents named therein (together with the Principal Paying Agent, the "Paying and Transfer Agents" and which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Securities) and the Trustee.

The Issuer has authorised the creation, issue and sale of the Securities for the purpose of funding a U.S.$150,000,000 perpetual, subordinated, non-cumulative loan (the "Subordinated Loan") to the Bank as borrower.

Certain provisions of these terms and conditions (these "Conditions") are summaries of the Trust Deed, the Subordinated Support Agreement and the Paying Agency Agreement and subject to their detailed terms. The Securityholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Subordinated Support Agreement and the Paying Agency Agreement applicable to them. Copies of the Trust Deed, the Subordinated Support Agreement and the Paying Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Paying Agency Agreement) of each of the Paying and Transfer Agents, the initial Specified Offices of which are set out below. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom. References herein to the "Agents" are to the Registrar, the Principal Paying Agent and the Paying and Transfer Agents and any reference to an "Agent" is to any one of them.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Securities are in registered form, without interest coupons attached, and shall be serially numbered. The Securities shall be issued in minimum denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof (each denomination an "Authorised Denomination").

The Securities will initially be represented by a global certificate (the "Global Certificate"), which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

Ownership of beneficial interests in the Global Certificate will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or persons that may hold interests through such participants. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by Euroclear, Clearstream, Luxembourg and their participants as applicable. The Global Certificate will be exchangeable for certificates in registered, definitive form, without interest coupons attached, only in certain limited circumstances (the "Definitive Certificates").

(b) *Title*

Title to the Securities will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfers*). The holder of any Security shall (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on any Definitive Certificate representing it (other than a duly executed transfer thereof in the form of the Transfer Form (as defined below) 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 Security is registered in the Register (as defined below) (or, in the case of joint holders, the first named thereof) and ''holders'' and ''Securityholders'' shall be construed accordingly.

2. Registration

The Registrar will maintain a register (the ''Register'') at the Specified Office of the Registrar in respect of the Securities in accordance with the provisions of the Paying Agency Agreement. A Definitive Certificate will be issued to each Securityholder in respect of its registered holding. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register.

3. Transfers

(a) Subject to Conditions 3(d) and 3(e) (*Transfers*), a Security may be transferred in whole or in part upon surrender of the relevant Definitive Certificate, with the endorsed form of transfer (the ''Transfer Form'') duly completed, at the Specified Office of the Registrar or a Paying and Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Paying and Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the Transfer Form; provided, however, that a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a holder are being transferred) the principal amount of the balance of Securities not transferred are in an Authorised Denomination. Transfer Forms are available from any Paying and Transfer Agent, the Registrar and the Issuer upon the request of any holder. In the case of a transfer of only a portion of the Securities represented by a Definitive Certificate, neither the portion transferred nor the balance thereof not transferred may be less than an Authorised Denomination, and a new Definitive 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 relevant Definitive Certificate representing the Security to be transferred.

(b) Within five business days of the surrender of a Definitive Certificate in accordance with Condition 3(a) (*Transfers*), the Registrar will register the transfer in question and make available a new Definitive Certificate of a like principal amount to the Securities transferred to each relevant holder at the Registrar's Specified Office or (as the case may be) the Specified Office of any Paying and Transfer Agent or deliver (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 3(b) (*Transfers*), ''business day'' means a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Paying and Transfer Agent has its Specified Office.

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

(d) Securityholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or Distributions (as defined in Condition 7 (*Distributions*)) in respect of the Securities.

(e) All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of the Securities scheduled to the Paying Agency Agreement, a copy of which will be made available as specified in the preamble to these Conditions. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Securityholder who requests in writing a copy of such regulations.

4. Status of the Securities and Limited Recourse

Subject to exceptions provided by mandatory applicable law, the payment obligations of the Issuer under the Securities constitute direct, general, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu* amongst themselves and at least *pari passu* with any other present and future unsecured and unsubordinated obligations of the Issuer, save that, in each case where amounts of principal, Distributions and additional amounts (if any) are stated in these Conditions or in the Trust Deed to be payable in respect of the Securities, Securityholders must rely solely and exclusively on (i) the covenant of the Issuer to pay under these Conditions, (ii) the obligations of the Bank undertaken in the Subordinated Support Agreement, (iii) the covenant of the Issuer contained in the Trust Deed (described in Condition 5 (*Subordinated Support Agreement*)) to enforce such obligations and (iv) the right of the Trustees contained in the Trust Deed (described in Condition 5 (*Subordinated Support Agreement*)) to take action to enforce such obligations if the Issuer fails to do so. Securityholders shall have no recourse (direct or indirect) to any other asset of the Issuer, except that they may have recourse, up to an aggregate amount of €2 million, to the Issuer's receivable from the Bank under a deposit agreement dated 18 November 2005 between the Issuer and the Bank.

5. Subordinated Support Agreement

The Bank has undertaken to the Issuer in the Subordinated Support Agreement that if, at any time, the Issuer has insufficient funds to enable it to meet in full all of its obligations in respect of the Securities as and when such obligations fall due, the Bank will make available to the Issuer such funds in such form as are sufficient to enable the Issuer to meet such obligations.

The Issuer has covenanted in the Trust Deed to take all reasonable steps necessary to enforce the obligations of the Bank undertaken by the Bank in the Subordinated Support Agreement for the benefit of the Issuer. In the event that the Issuer fails to duly perform its obligations under these Conditions and the Trust Deed and has not, within ten Business Days in Almaty of such failure to perform, enforced all the rights which may have accrued to it under the Subordinated Support Agreement, 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 Securities then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) (subject in each case to being indemnified or provided with security or pre-funded to its satisfaction) shall, take steps in the name of, and on behalf of, the Issuer to enforce the Bank's obligations under the Subordinated Support Agreement.

Subject to exceptions provided by mandatory applicable law, the payment obligations of the Bank under the Subordinated Support Agreement constitute direct, general, subordinated and unsecured obligations of the Bank and shall, in case of (a) the bankruptcy in the Republic of Kazakhstan (*bankrotsvo*) of the Bank, (b) the Bank being granted (provisional) suspension of payments in the Republic of Kazakhstan (*moratoriy na udovletvoreniye zadolzhennosti*) (such situation hereinafter being referred to as a "Moratorium")), or (c) dissolution of the Bank in the Republic of Kazakhstan (*likvidatsiya*), rank: (i) subordinate and junior only to all Senior Obligations of the Bank, (ii) *pari passu* with all Parity Obligations of the Bank, and (iii) senior only to all Junior Obligations of the Bank.

By virtue of such subordination payments under the Subordinated Support Agreement will, in the case of bankruptcy or dissolution of the Bank or in the event of a Moratorium, only be made after all payment obligations in respect of Senior Obligations of the Bank have been satisfied.

As used in these Conditions:

"Junior Obligations" means (a) all classes of ordinary and preferred shares of the Bank, (b) any securities or other obligations of the Bank that rank junior to the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise, (c) any securities or other obligations of a Subsidiary of the Bank including the Issuer (other than the Securities) entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank that ranks junior to the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise, and (d) any such guarantees, support agreements or similar undertakings of the Bank.

"Parity Obligations" means (a) any other present and future undated or perpetual subordinated indebtedness, (b) any securities or other obligations of the Bank and any guarantee, support agreement or other similar undertaking of the Bank, in each case ranking *pari passu* with the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise and (c) any preferred or preference shares, securities or other obligations of a Subsidiary of the Bank, including the Issuer, entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank which guarantee, support agreement or other similar undertaking ranks *pari passu* with the Subordinated Support Agreement as regards entitlement to distributions thereunder whether on liquidation or otherwise.

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

"Senior Obligations" means present and future unsubordinated and dated subordinated indebtedness of the Bank which ranks by or under its own terms senior, or does not rank subordinate to, the Subordinated Support Agreement.

"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.

6. Covenants

(a) *Limitation on activities*

The Issuer shall not carry on any activities or enter into any transactions or documents other than in connection with the raising of funds for the purposes of on-lending to the Bank or any of its Subsidiaries or making deposits with the Bank.

(b) *Limitation on Amendment*

As provided in the Trust Deed, so long as any of the Securities remains outstanding (as defined in the Trust Deed), the Issuer will not, without the prior written consent of the FMSA and the Trustee, agree to any amendments to or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Subordinated Support Agreement or the transfer by the Bank of its obligations under the Subordinated Support Agreement except as otherwise expressly provided in the Trust Deed. Any such amendment, modification, waiver or authorisation made with the consent of the FMSA and the Trustee shall be binding on the Securityholders and, unless the Trustee agrees otherwise, any such amendment or modification shall be notified by the Issuer to the Securityholders in accordance with Condition 17 (*Notices*).

7. Distributions

Subject to Condition 8 (*Limitations on Distributions*), Distributions on the Securities shall accrue from 19 April 2006 (the "Closing Date") on the principal amount of the Securities as follows:

(a) in respect of each Distribution Period from (and including) the Closing Date to (but excluding) 19 April 2016 (the "First Call Date"), at a fixed rate per annum of 9.375 per cent., and shall be payable by the Issuer semi-annually in arrear in U.S. Dollars on each Distribution Payment Date, commencing 19 October 2006 and ending on the First Call Date; and

(b) in respect of each Distribution Period from (and including) the First Call Date, at a floating rate per annum (the "Floating Rate") equal to the sum of (i) six month LIBOR and (ii) 6.2055 per cent; and shall be payable by the Issuer semi-annually in arrear in U.S. Dollars on each Distribution Payment Date, commencing 19 October 2016.

Distributions on the Securities will be non-cumulative and will, subject to Condition 8 (*Limitations on Distributions*) (i) in respect of each full Distribution Period ending on or prior to the First Call Date, be U.S.$7,031.25 per U.S.$150,000 in principal amount of the Securities, (ii) in respect of any period prior to the First Call Date which is less than a full Distribution Period, be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, (iii) in respect of any period after the First Call Date, be calculated on the basis of the actual number of days in the relevant Distribution Period divided by 360.

JPMorgan Chase Bank N.A., acting as the Calculation Agent (the ''Calculation Agent'') will, as soon as possible after 11:00 a.m. (London time) on the second Business Day in London prior to the first day of each Distribution Period (each, a ''Distribution Determination Date'') commencing from (and including) the First Call Date, determine the six month LIBOR and the applicable Floating Rate for such Distribution Period and, by applying such Floating Rate to the relevant day count fraction, calculate the amount of the Distribution payable in respect of such Distribution Period. The determination by the Calculation Agent of the Floating Rate and the amount of the Distribution payable for each such Distribution Period shall (in the absence of manifest error) be final and binding on all parties. The Calculation Agent will cause the Floating Rate and amount of the Distribution payable for each Distribution Period commencing from (and including) the First Call Date to be notified to the Issuer, the Registrar, each of the Paying and Transfer Agents, the London Stock Exchange, the Kazakhstan Stock Exchange (if applicable), the Trustee and the Securityholders in accordance with Condition 17 (*Notices*). Such Floating Rate and amount of the Distribution so published may subsequently be amended without notice in the event of an extension or shortening of the relevant Distribution Period.

As used herein:

''Business Day'' means a day on which banks and foreign exchange markets are open for general business (including dealings in foreign currencies) in the place or places specified.

''Distribution Period'' means the period from (and including) the Closing Date to (but excluding) the first Distribution Payment Date and each successive period from (and including) a Distribution Payment Date to (but excluding) the next succeeding Distribution Payment Date;

''Distributions'' means the non-cumulative distributions in respect of the Securities;

''Distribution Payment Date'' means 19 April and 19 October of each year from and including 19 October 2006 provided that if any Distribution Payment Date occurring after the First Call Date would otherwise fall on a day that is not a Business Day in London and New York City such date shall be postponed to the next day which is a Business Day in London and New York City unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day in London and New York City.

''six month LIBOR'' means, in respect of any Distribution Period after the First Call Date:

(a) the rate per annum equal to the offered quotation for deposits in U.S. Dollars for a period of six months which appears on the display designated as Telerate Page 3750 (or such other page as may replace such page on such service or as of 11.00 am (London time) on the relevant Distribution Determination Date; or

(b) if such rate in (a) does not appear, or if such page in (a) is unavailable, the Calculation Agent will request the principal London office of each of four leading banks in the London interbank market selected by the Calculation Agent (the ''Reference Banks'') to provide a quotation of its rate at which deposits in U.S. Dollars for a period of six months commencing on the first day of the relevant Distribution Period are offered by such Reference Banks to prime banks in the London interbank market on the relevant Distribution Determination Date and if at least two such quotations are provided, six month LIBOR for the relevant Distribution Determination Date will be the arithmetic mean of the quotations or, if fewer than two quotations are provided, six month LIBOR for the relevant Distribution Determination Date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately 11.00 a.m. (New York City time), on the relevant Distribution Determination Date for loans in U.S. Dollars to leading European banks for a period of six months commencing on the relevant Distribution Determination Date (in each case, rounding, if necessary, to the nearest one hundred-thousandth of one per cent., with 0.000005 per cent. being rounded upwards) provided, however, that if the Calculation Agent is unable to determine an arithmetic mean in accordance with the above provisions in relation to any Distribution Period, the Floating Rate applicable to the Securities during such Distribution Period will be the Floating Rate determined in relation to the Securities in respect of the preceding Distribution Period, or if none, as determined by the Calculation Agent in its sole discretion.

8. Limitations on Distributions

Distributions will be paid by the Issuer on each Distribution Payment Date except to the extent that:

(a) the Bank is in breach of the relevant provisions of the Capital Adequacy Regulations then applicable to the Bank; or

(b) such payment, if made by the Bank, together with the amount of any dividends or other distributions paid or scheduled to be paid by the Bank to holders of Parity Obligations on the relevant Distribution Payment Date would breach or cause a breach of the relevant provisions of the Capital Adequacy Regulations then applicable to the Bank; or

(c) the Bank's board of directors in its sole discretion has notified the FMSA and the Issuer that it has determined that the Bank is, or in the near term will be, in breach of the relevant provisions of the Capital Adequacy Regulations then applicable to it; or

(d) the Bank would otherwise be prohibited under applicable Kazakhstan banking laws or regulations from making such payment itself,

provided, however, that, if the Bank, the Issuer or any other Subsidiary of the Bank has paid any dividend or distribution or made any other payment on or in respect of any class of Parity Obligations or Junior Obligations or has redeemed, repurchased or otherwise acquired any class of Parity Obligations or Junior Obligations, except a Permitted Payment or Acquisition, during a Distribution Period then, sub-paragraphs (a), (b) and (c) above shall not apply and the Issuer shall, subject to sub-paragraph (d) above, be required to pay the relevant Distribution in full on the Securities on the Distribution Payment Date for such Distribution Period.

As used herein, ''Permitted Payment or Acquisition'' means that part of a dividend, distribution, other payment, redemption, repurchase or acquisition, as the case may be, which is made without the exercise of any discretion on the part of the Bank, the Issuer or any other Subsidiary of the Bank, as the case may be, as a result of the operation of mandatory provisions of Kazakhstan law or the mandatory provisions of any Parity Obligations or Junior Obligations outstanding as at 13 April 2006.

9. Partial Payment of Distributions

(a) If, by reason of the provisions of Condition 8 (*Limitations on Distributions*) on any Distribution Payment Date Distributions are not paid in full on the Securities, but payment of part of any Distribution is permitted to be paid in accordance with Condition 8 (*Limitations on Distributions*), then the Securityholders will be entitled to receive the Relevant Proportion only of any such Distribution. No Securityholder shall have any claim in respect of any Distribution or part thereof not paid as a result of the limitations set out in Condition 8 (*Limitations on Distributions*). Accordingly, such amounts will not cumulate for the benefit of a Securityholder or entitle the Securityholder (or the Trustee on its behalf) to any claim in respect thereof against the Issuer or against the Bank under the Subordinated Support Agreement.

(b) In the event that any Distribution will not by reason of Condition 8 (*Limitations on Distributions*) be paid in full the Issuer will notify or procure notification to the London Stock Exchange, the Registrar, the Paying and Transfer Agents, the Trustee and the Securityholders in accordance with Condition 17 (*Notices*), of the amount, if any, to be paid in respect of that Distribution.

(c) Save as described above, Securityholders will have no right to participate in the profits of the Issuer or the Bank (and, in particular, will have no rights to receive from the Issuer amounts paid under the Subordinated Loan) or otherwise to receive amounts in excess of Distributions due and payable under the Securities.

As used herein ''Relevant Proportion'' means in relation to any partial payment of a Distribution in respect of the Securities, the total amount available for any such payment and for making any corresponding payment of a distribution on any Parity Obligations divided by the sum of (i) the full Distributions before any reduction or abatement in respect of the Securities and (ii) the full distributions on any Parity Obligations before any reduction or abatement in respect of such Parity Obligations, converted where necessary into the same currency.

To the extent that a Distribution payable on a Distribution Payment Date is not paid by virtue of the limitations set out under Condition 8 (*Limitations on Distributions*) or this Condition 9, then the entitlement of the Securityholders to such Distribution, or the relevant proportion of such

Distribution, as the case may be, will be lost. Accordingly no payment will need to be made at any time by the Issuer or by the Bank under the Subordinated Support Agreement in respect of any such missed payment.

10. Payments

(a) *Principal*

Payments of principal in respect of the Securities will be made to the persons shown in the Register at the close of business on the relevant Record Date (as defined below) upon surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Certificates at the Specified Office of the Registrar or of any Paying and Transfer Agent.

(b) *Distributions*

Payments of Distributions due on a Distribution Payment Date will be made to the persons shown in the Register at the close of business on the Record Date for such Distribution Payment Date (in the case of Distributions payable on redemption) upon surrender (or, in the case of part payment only, upon endorsement) of the relevant Definitive Certificates at the Specified Office of the Registrar or any Paying and Transfer Agent. Payments of all amounts other than as provided in Condition 10(a) (*Principal*) and this Condition 10(b) (*Distributions*) will be made as provided in these Conditions.

(c) *Record Date*

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

(d) *Payments*

Each payment in respect of the Securities pursuant to Condition 10(a) (*Principal*) and 10(b) (*Distributions*) will be made by United States dollar cheque drawn on a branch of a bank in New York City mailed to the holder of the relevant Security as described below; provided, however, that, upon application by the holder to the Specified Office of the Registrar or any Paying and Transfer Agent on or before the relevant Record Date, such payment may be made by transfer to a United States dollar account maintained by the payee with a bank in New York City.

Where payment is to be made by cheque, the cheque will be mailed, on the Business Day for payment or, in the case of payments referred to in Condition 10(a) (*Principal*), if later, on the Business Day on which the relevant Definitive Certificate representing the Security is surrendered as specified in Condition 10(a) (*Principal*) (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) to the address shown as the address of the holder in the Register at the close of business on the relevant Record Date.

(e) *Payments Subject to Fiscal Laws*

All payments in respect of the Securities 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 12 (*Taxation*). No commissions or expenses shall be charged to the Securityholders in respect of such payments.

(f) *Payment on a Business Day*

If the due date for payment of any amount in respect of any Security is not a Business Day in the place of presentation, the holder thereof shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place. A holder of a Security shall not be entitled to any Distribution 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 10 (*Payments*) arriving after the due date for payment or being lost in the mail. In this Condition 10, "Business Day" means any day on which banks and foreign exchange markets are open for general business (including dealings in foreign currencies) in London and New York City and, in the case of surrender (or, in the case of partial payment only, endorsement) of a Definitive Certificate, in the place in which the Definitive Certificate is surrendered (or, as the case may be, endorsed).

(g) *Partial Payment*

If a Paying and Transfer Agent makes a partial payment in respect of any Security, such Paying and Transfer Agent will endorse on the relevant Definitive Certificate (if required to be presented) and cause the Registrar to endorse on the Register, a statement indicating the amount and date of such payment.

(h) *Paying and Transfer Agents*

In acting under the Paying Agency Agreement and in connection with the Securities, the Paying and Transfer Agents act solely as agents of the Issuer 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 Securityholders. The Issuer 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 principal paying agent or registrar and additional or successor paying and transfer agents; provided, however, that the Issuer shall at all times while the Securities are outstanding maintain a principal paying agent, registrar and a calculation agent. In addition, the Issuer undertakes that it will at all times while the Securities are outstanding ensure that it maintains a paying and transfer agent with a specified office in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such directive. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Trustee and Securityholders in accordance with Condition 17 (*Notices*).

11. Redemption and Purchase

(a) *Optional Redemption*

Subject to satisfaction of the Redemption Condition, the Securities are redeemable on the First Call Date or on any Distribution Payment Date thereafter in whole, but not in part, at the option of the Issuer, upon not less than 30 nor more than 60 days' notice to the Trustee and the Securityholders, specifying the relevant call date (the "Call Date") (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each of the Securities accordingly by payment of an amount equal to the principal amount of the Securities together with any accrued but unpaid Distributions (notwithstanding Condition 8 (*Limitations on Distributions*) above) calculated from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date of payment plus any applicable additional amounts thereon (the "Optional Redemption Price").

As used herein, "Redemption Condition" means, with respect to any redemption or purchase of the Securities, that the prior written consent of, or written notice of non-objection by, the FMSA to such redemption or purchase, if then required, has been obtained and that any conditions attaching to such consent or notice have been satisfied in full.

(b) *Tax Redemption*

Subject to satisfaction of the Redemption Condition, if, as a result of a change in the laws or regulations of The Netherlands and/or Kazakhstan or the application or official interpretation thereof occurring, in each case on or after 13 April 2006 the Issuer satisfies the Trustee that:

(i) payments to the Securityholders under the Securities would be subject to deduction, or to withholding, or would give rise to any obligation of the Issuer to account, for any tax in The Netherlands;

(ii) payments by the Bank under or in respect of the Subordinated Loan and/or the Subordinated Support Agreement would, if paid to the Issuer, be subject to any deduction or withholding tax in Kazakhstan at a rate greater than 10 per cent. (after taking account of any relief available under any applicable tax treaty);

(iii) the Issuer is or would be subject to more than a *de minimis* amount of tax in respect of the Subordinated Loan or the Securities in The Netherlands; or

(iv) the Bank would not obtain a deduction for the purposes of corporate tax in Kazakhstan for any payment of interest in respect of the Subordinated Loan, and, in each case, such deduction, withholding, obligation, tax or, as the case may be, failure to obtain a deduction cannot be avoided by the Issuer or the Bank, as the case may be, taking reasonable measures available to it, then the Securities will be redeemable, at the option of the Issuer, in whole but not in part, at any time on or after 19 April 2011 and prior to the First Call Date upon not less than 30 nor more than 60 days' notice of redemption to the Securityholders specifying the Call Date (which notice shall be irrevocable). Prior to the publication of any notice of redemption to the Securityholders pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Trustee shall be entitled, without liability, to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Securityholders. Upon the expiry of such notice, the Issuer shall be bound to redeem each of the Securities accordingly by payment of an amount equal to the Optional Redemption Price.

(c) *Capital Disqualification Event Redemption*

Subject to satisfaction of the Redemption Condition, if, as a result of any change in applicable law or the Capital Adequacy Regulations (or the application or official interpretation thereof) occurring after the initial written confirmation (or notice of non-objection) to the Bank from the FMSA that a portion of the principal amount of the Subordinated Loan has qualified as Tier 1 Capital of the Bank pursuant to the Capital Adequacy Regulations, the principal amount of the Subordinated Loan would no longer be capable of qualifying (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion as Tier 1 Capital of the Bank, then the Securities will be redeemable, at the option of the Issuer, in whole but not in part, at any time on or after 19 April 2011 and prior to the First Call Date, upon not less than 30 nor more than 60 days' notice to the Trustee and the Securityholders specifying the Call Date (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each of the Securities accordingly by payment of an amount equal to the Optional Redemption Price.

The Issuer shall, within 20 days following the initial written confirmation (or notice of non-objection) to the Bank from the FMSA as aforesaid, notify the Trustee and the Securityholders in accordance with Condition 17 (*Notices*).

As used herein:

"Capital Adequacy Regulations" means the Instructions on Standard Values and Assessment Methods for Prudential Standards for Second-Tier Banks, approved by the Resolution No. 358 of the FMSA, together with any other notices or regulations which, from time to time, amend, supplement or supersede such notice or otherwise detail the manner in which instruments issued by banks in Kazakhstan may constitute Tier 1 Capital;

"Tier 1 Capital" has the meaning ascribed to it in the Capital Adequacy Regulations.

(d) *Purchase*

Subject to all applicable laws and regulations and subject to satisfaction of the Redemption Condition, the Issuer, the Bank or any Subsidiary of the Bank may at any time purchase any Security in issue on the open market or by tender.

12. Taxation

(a) *Taxation*

All payments of principal and Distributions in respect of the Securities 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 Republic of Kazakhstan or any other jurisdiction from or through which payment is made, or in any case, any political subdivision or any authority thereof or therein having power to tax (each, a "Taxing Jurisdiction"), unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Securityholders 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 Security:

(i) where the Definitive Certificate representing it is presented (in the case of a payment of principal or Distribution on redemption) for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership or a corporation) and the relevant Taxing Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein other than the mere holding of such Security; or

(ii) where the Definitive Certificate representing it is presented (in the case of a payment of principal or Distributions on redemption) 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 presented such Security 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 the European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC) or any law implementing or complying with, or introduced in order to conform to, such directive; or

(iv) where the Definitive Certificate representing it is presented (in the case of a payment of principal or Distributions on redemption) for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying and Transfer Agent in a member state of the European Union.

In the event that the foregoing obligation to pay additional amounts is for any reason unenforceable, the Issuer shall pay to any holder of a Security (subject to the exclusions set out in (i), (ii) (iii) and (iv) above) which has received a payment subject to deduction or withholding as aforesaid, upon written request of such holder (subject to the exclusions set out in (i), (ii) (iii) and (iv) above), and provided that reasonable supporting documentation is provided, an amount equal to the amount withheld or deducted, so that the net amount received by such holder after such payment would not be less than the net amount the holder would have received had such deduction or withholding not taken place. Any payment made pursuant to this paragraph shall be considered an additional amount.

If, at any time, the Issuer is required by law to make any deduction or withholding from any sum payable by it hereunder (or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated), the Issuer shall promptly notify the Trustee in writing, and shall deliver to the Trustee, within 30 days after it has made such payment to the applicable authority, a written certificate to the effect that it has made such payment to such authority of all amounts so required to be deducted or withheld in respect of each holder.

(b) *Relevant Date*

In these Conditions, "Relevant Date" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in New York by the Principal Paying 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 Securityholders in accordance with Condition 17 (*Notices*).

(c) *Additional Amounts*

Any reference in these Conditions to principal or Distributions shall be deemed to include any additional amounts in respect of principal or Distributions (as the case may be) which may be payable under this Condition 12 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 12 (*Taxation*) pursuant to the Trust Deed.

(d) *Taxing Jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands or, in the case of the Bank, the Republic of Kazakhstan, references in this Condition 12

(*Taxation*) to The Netherlands or, the case may be, to the Republic of Kazakhstan shall be construed as references to The Netherlands and/or the Republic of Kazakhstan and/or such other jurisdiction.

13. Prescription

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

14. Events of Default

If any of the following events (each, an "Event of Default") occurs:

(i) the Issuer fails to pay any Distribution (and any additional amounts thereon) in respect of the Securities when the same becomes due and payable and such failure continues for a period of five Business Days in London and New York City; or

(ii) proceedings shall have been instituted under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, for the Issuer or the Bank to be adjudicated a bankrupt and such proceedings remain undischarged or unstayed for a period of 60 days or an effective resolution is passed by the Issuer or the Bank, or the Issuer or the Bank shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or an order is made for the bankruptcy, liquidation or winding up of the Issuer or the Bank,

then 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 Securities then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or provided with security or pre-funded to its satisfaction) shall, give notice to the Issuer that the Securities are and they shall immediately become due and repayable at their principal amount together with accrued and unpaid Distributions in respect of the Distribution Period in which such Event of Default occurs, (notwithstanding Condition 8 (*Limitations on Distributions*) above) and additional amounts (if any) and participate in the relevant proceedings for the bankruptcy, liquidation or winding up of the Issuer or the Bank without further action or formality.

15. Replacement of Definitive Certificates

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

16. Meetings of Securityholders; Modification and Waiver

(a) *Meetings of Securityholders*

The Trust Deed contains provisions for convening meetings of Securityholders to consider any matters relating to the Securities, including the modification of any provision of these Conditions, the Trust Deed or the Subordinated Support Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee or the Issuer, or by the Trustee upon the request in writing of Securityholders holding not less than one-tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the Securities for the time being outstanding, or, at any adjourned meeting, two or more persons being or representing Securityholders whatever the principal amount of the Securities for the time being outstanding so held or represented; provided, however, that certain proposals (including any proposal to change any Distribution Payment Date, to reduce the amount of principal or Distributions payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payment under the Securities 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 Securityholders 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 Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Securityholders, whether present or not.

(b) *Written Resolution*

A resolution in writing will take effect as if it were an Extraordinary Resolution if it is signed (i) by or on behalf of all of Securityholders who for the time being are entitled to receive notice of a meeting of Securityholders under the Trust Deed or (ii) if such Securityholders have been given at least 21 days' notice of such resolution, by or on behalf of persons holding three-quarters of the aggregate principal amount of the outstanding Securities. 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 Securityholders.

(c) *Modification Without Securityholders' Consent*

The Trustee may, without the consent of the Securityholders, agree (i) to any modification of the Securities (including these Conditions), the Trust Deed or the Subordinated Support Agreement (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 Securityholders and (ii) to any modification of the Securities (including these Conditions), the Trust Deed or the Subordinated Support Agreement, 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 Securityholders, authorise or waive any proposed breach or breach of the Securities, the Trust Deed or the Subordinated Support Agreement (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 Securityholders will not be materially prejudiced thereby. Any such modification, waiver or authorisation shall be binding on the Securityholders and, unless the Trustee agrees otherwise, shall be promptly notified to the Securityholders in accordance with Condition 17 (*Notices*).

17. Notices

(a) *To the Securityholders*

Notices to Securityholders 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 the Securities are listed on the London Stock Exchange, notices to the Securityholders shall be published 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. Any such notice shall be deemed to have been given on the date of first publication.

So long as any of the Securities are represented by a Global Certificate, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders, provided, however, that, so long as the Securities are listed on the London Stock Exchange, and the rules of the exchange so require, such notice is also delivered to the London Stock Exchange and publication will also be made in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the Financial Times*).*

(b) *To the Issuer*

Notices to the Issuer will be deemed to be validly given if delivered to the Bank at 100A Furmanov Street, Almaty 050000, Kazakhstan and clearly marked on their exterior "Urgent — Attention: Chairman" with a copy to the Issuer at Schouwburgplein 30-34, 3012 CC, Rotterdam, The Netherlands and clearly marked on the external "Urgent — Attention: Equity Trust Co. N.V." (or at such other addresses and for such other attentions as may have been notified to the Securityholders in accordance with Condition 17(a)) 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 Bank's (as the case may be) principal offices, as applicable, are open for business.

(c) *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.

18. 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 Securityholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer or the Bank and any entity relating to the Issuer or the Bank without accounting for any profit.

The Trustee's responsibilities are solely those of trustee for the Securityholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Securities or for the performance by the Issuer or the Bank of their respective obligations under or in respect of the Securities, the Subordinated Support Agreement and the Trust Deed, as applicable.

(b) *Exercise of Power and Discretion*

In connection with the exercise of any of its powers, trusts, authorities or discretions (including but not limited to those referred to in these Conditions and the Trust Deed), the Trustee shall have regard to the interests of the Securityholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Securityholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing jurisdiction. The Trustee shall not be entitled to require, and no Securityholder shall be entitled to claim, from the Issuer or the Bank or (in the case of a Securityholder) the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

(c) *Enforcement; Reliance*

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 Securities, but it shall not be bound to do unless:

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

(ii) it has been indemnified or provided with security or pre-funded to its satisfaction.

The Trust Deed provides that the Trustee may, at any time, or, in making any determination under these Conditions or the Trust Deed, act on the opinion or advice of, or information obtained from, any expert, auditor, lawyer or professional entity, without further enquiry or evidence. In particular, the Trust Deed provides that the Trustee may rely on certificates or reports from auditors whether or not such certificate or report or any engagement letter or other document entered into by the Issuer or the Bank and the auditors contains any limit on liability (monetary or otherwise) of the auditors and provides further that nothing shall require the Trustee to enter into or to agree to be bound by the terms of any engagement letter or other document entered into by the Issuer or the Bank and/or any such auditor. If such evidence is relied upon, the Trustee's determination shall be conclusive and binding on all parties, and the Trustee will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from it so acting.

Until the Trustee has actual or express knowledge to the contrary, the Trustee may assume that no Event of Default or event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 14 (*Events of Default*) become an Event of Default has occurred.

The Trust Deed provides that each of the Issuer and the Bank is required to deliver to the Trustee, pursuant to, and in the circumstances detailed in, the Trust Deed, a certificate signed by any two of its Directors that there has not been and is not continuing any Event of Default, an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 14 (*Events of Default*) become an Event of Default, or other breach of the Trust Deed. The Trustee shall be entitled to rely without liability on such certificates. The Trustee shall not be responsible for monitoring any of the covenants and obligations of the Issuer or the Bank set out in these Conditions or under the Subordinated Support Agreement and shall be entitled to rely upon the information provided pursuant to these Conditions and the Trust Deed and to assume, unless it receives actual notice to the contrary, that the Issuer and the Bank are complying with all covenants and obligations imposed upon them, respectively, herein and therein.

(d) *Failure to Act*

Under the Trust Deed, no Securityholder may proceed directly against the Issuer or the Bank unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing. The Trust Deed provides for the Trustee to take action on behalf of the Securityholders 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 Securities and accordingly in such circumstances the Trustee will be unable to take such action, notwithstanding the provision of an indemnity to it, and it will be for Securityholders to take action directly.

(e) *Retirement and Removal*

Under the Trust Deed, any Trustee may retire at any time on giving at least 30 days' written notice to the Issuer without giving any reason or being responsible for any costs occasioned by such retirement and the Securityholders 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. Under the Trust Deed, 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. In the event of any change of the Trustee, a notice shall be published in a leading newspaper having general circulation in the United Kingdom (which is expected to be the Financial Times).

(f) *Substitution*

The Trust Deed contains provisions to the effect that the Issuer's successor in business, the Bank or its successors in business or any Subsidiary of the Bank may, having obtained the consent of the Trustee (which latter consent may be given without the consent of the Securityholders) and subject to having complied with certain requirements as the Trustee may direct in the interests of the Securityholders, of the Issuer as issuer and principal obligor in respect of the Securities and as principal obligor under the Trust Deed or of the Bank as obligor under the Subordinated Support Agreement, subject to all relevant conditions of the Trust Deed having been complied with. Not later than 14 days after compliance with the aforementioned requirements, notice thereof shall be given by the Bank to the Securityholders in accordance with Condition 17 (*Notices*).

19. Currency Indemnity

If any sum due from the Issuer in respect of the Securities or 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, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in respect of the Securities or in respect thereof under the Trust Deed, the Issuer shall indemnify each Securityholder, on the written demand of such Securityholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying 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 Securityholder 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 the Issuer and shall give rise to a separate and independent cause of action.

20. Contracts (Rights of Third Parties) Act 1999

No Person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect the right or remedy of any Person which exists or is available apart from such Act.

21. Governing Law; Jurisdiction and Arbitration

(a) *Governing Law*

The Trust Deed, the Securities and the Paying Agency Agreement are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

Subject to Condition 21(g) (*Arbitration*), the courts of England shall have, subject as follows in this Condition 21(b), jurisdiction to hear and determine any suit, action or proceedings, which may arise out of or in connection with the Securities or the Trust Deed (respectively, "Proceedings") and, for such purposes, the Issuer irrevocably submits to the jurisdiction of such courts. Nothing in this Condition 21(b) shall limit the right of the Trustee or the Securityholders to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings by the Trustee or the Securityholders in any one or more jurisdictions preclude the taking of Proceedings by the Trustee or the Securityholders in any other jurisdiction (whether concurrent or not) if and to the extent permitted by law.

(c) *Appropriate Forum*

The Issuer has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim in any Proceedings that any such court is not a convenient or appropriate forum.

(d) *Agent for Service of Process*

The Issuer has agreed that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX or, if different, its registered office for the time being. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify in writing the Trustee of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(e) *Consent to Enforcement, etc.*

The Issuer has consented generally in respect of any Proceedings (or arbitration in accordance with Condition 21(g) (*Arbitration*)) to the giving of any relief or the issue of any process in connection with such Proceedings or arbitration, 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 given in such Proceedings.

(f) *Waiver of Immunity*

To the extent that the Issuer may in any jurisdiction claim for itself or its respective assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, or its assets or revenues, the Issuer has agreed, in connection with any Proceedings, not to claim and have irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

(g) *Arbitration*

(i) *Disputes*

The Issuer has agreed that the Trustee or, if the Trustee, having become bound to take proceedings, fails to do so, a Securityholder may elect, by notice in writing to the Issuer to refer to arbitration in accordance with the provisions of this Condition 21(g) (*Arbitration*) any claim, dispute or difference of whatever nature howsoever arising under, out of or in connection with the Securities (including a claim, dispute or difference as to the breach, existence or validity of the Securities) or the Trust Deed (each a "Dispute").

(ii) *UNCITRAL Arbitration Rules*

The Issuer has agreed, and hereby agrees, that (with respect to any Dispute subject to a notice of election in accordance with Condition 21(g)(i) (*Arbitration*)), such Dispute may be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules (the "Rules") as at present in force (which are deemed incorporated into this Condition 21(g) (*Arbitration*)) by a panel of three arbitrators appointed in accordance with the Rules. The seat of arbitration shall be in London, England. The procedural law of any reference shall be English law. The Issuer shall appoint one arbitrator and the Trustee shall appoint one arbitrator and the two arbitrators thus appointed shall appoint the third arbitrator who shall be chairman of the arbitral tribunal. The language of any arbitral proceedings shall be English. The appointing authority for the purposes of the Rules shall be the President of the London Court of International Arbitration. Sections 45 and 69 of the Arbitration Act 1996 shall not apply to any arbitration proceedings pursuant to this Condition 21(g) (*Arbitration*).

There will appear at the foot of the Conditions endorsed on or (as the case may be) attached to each Definitive Certificate and the Global Certificate the names and Specified Offices of the Registrar, the Paying and Transfer Agents as set out at the end of this Prospectus.

FORM OF SECURITIES AND TRANSFER RESTRICTIONS; SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The following information relates to the form, transfer and delivery of the Securities and is a summary of certain provisions to be contained in the Global Certificate which apply to the Securities. Capitalised terms not otherwise defined shall have the meanings given in "Terms and Conditions of the Securities".

1. Form of Securities

All Securities will be in fully registered form. The Securities will initially be represented by interests in the Global Certificate, in fully registered form which will be deposited on or about the Closing Date with JPMorgan Chase Bank, N.A., London Branch, as common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of Chase Nominees Limited, as nominee for such common depositary.

For the purposes of the Global Certificate, any reference in the Conditions to "Definitive Certificate" or "Definitive Certificates" shall, except where the context otherwise requires, be construed so as to include the Global Certificate and interests therein.

2. Cancellation

Cancellation of any Security following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Securities in the register of Securityholders.

3. Payment

Distributions (other than a Distribution on redemption) in respect of Securities represented by a Global Certificate will be made without presentation and payments of principal and Distributions on redemption in respect of the Securities will be made against presentation and surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Paying and Transfer Agent as shall have been notified to the Securityholders for such purpose.

4. Transfers

Transfers of interests in the Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants. In addition, the holder of a Security may transfer such Security only in accordance with the provisions of Condition 3 (*Transfers*) and subject to the restrictions described in paragraph 5 below. The Registrar will not register the transfer of the Securities or exchange of interests in a Global Certificate for Definitive Certificates for a period of 15 calendar days ending on the due date for any payment of principal or Distributions in respect of the Securities.

5. Transfer Restrictions

Each purchaser of Securities and each subsequent purchaser of Securities in resales prior to the 40th day after the closing date (the "distribution compliance period"), by accepting delivery of this Prospectus and the Securities, will be deemed to have represented and agreed as follows:

(i) It is, or will be at the time Securities are purchased by it, the beneficial owner of such Securities and (a) it is not, nor will be at the time the Securities are purchased by it, a U.S. person and is located outside the United States (within the meaning of Regulation S); and (b) it is not an affiliate of the Bank or a person acting on behalf of such an affiliate.

(ii) It understands that such Securities have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Securities 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) The Issuer, the Bank, the Registrar, the Managers and their affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

6. Notices

So long as any of the Securities are represented by a Global Certificate, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders, provided, however, that, so long as the Securities are listed on the

London Stock Exchange, and the rules of the exchange so require, such notice is also delivered to the London Stock Exchange and publication will also be made in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*).

7. Meetings

The holder of the Global Certificate (unless the Global Certificate represents only one Security) will be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, as having one vote in respect of each U.S.$1,000 principal amount of Securities for which the Global Certificate so held may be exchanged. The Trustee may allow a person with an interest in Securities in respect of which a Global Certificate has been issued to attend and speak at a meeting of Securityholders on appropriate proof of his identity and interest.

8. Exchange of Interests in Global Certificate for Definitive Certificates

The Global Certificate will become exchangeable for Definitive Certificates if Euroclear or Clearstream, Luxembourg (or any successor depositary on behalf of which the Securities evidenced by the Global Certificate may be held) 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 an Event of Default (as defined in Condition 14 (*Events of Default*)) occurs. In such circumstances, Definitive Certificates will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct in writing and the Issuer will procure that the Registrar notify the holders as soon as practicable after the occurrence of the relevant events.

In the event that the Global Certificate is to be exchanged for Definitive Certificates, the Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Securityholders.

On exchange, a person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer, the Bank and the Registrar may require to complete, execute and deliver such Definitive Certificates.

9. Euroclear and Clearstream, Luxembourg Arrangements

Distributions payable on a Definitive Certificate (other than a Distribution on redemption) will be paid to the holder shown on the Register on the Record Date. Principal and Distributions on the Definitive Certificates payable upon redemption will be paid to the holder shown on the Register on the Record Date upon delivery and surrender of the relevant Definitive Certificate.

The holdings of book-entry interests in the Securities in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Beneficial ownership in Securities will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

Interests in the Global Certificate will be in uncertificated book-entry form.

So long as Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of the Global Certificate, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Securities represented by the Global Certificate for all purposes under the Paying Agency Agreement, the Trust Deed and the Securities. Payments of principal, Distributions and additional amounts, if any, in respect of the Global Certificate will be made to 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 the 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 or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

10. Trading between Euroclear and/or Clearstream, Luxembourg Account Holders

Secondary market sales of book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interest in the Securities 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.

SUBORDINATED SUPPORT AGREEMENT

THIS SUBORDINATED SUPPORT AGREEMENT, dated 19 April 2006, is executed and delivered by JSC Alliance Bank (''Alliance Bank'') and ALB Finance B.V. (the ''Issuer'') as a deed.

WHEREAS:

Alliance Bank desires, in consideration of the agreement of the Issuer to on-lend the proceeds of the issue of the Securities to Alliance Bank (pursuant to the terms of a subordinated loan agreement between the Issuer and Alliance Bank dated 13 April 2006 (the ''Subordinated Loan Agreement'')), to provide support in respect of the Securities (as defined below) to be issued by the Issuer, such support to be for the benefit of the Issuer, *inter alia*, to enable it to meet its payment obligations under such Securities.

NOW, THEREFORE it is agreed by the parties hereto as follows:

1. Definitions

As used in this Agreement, capitalised terms not otherwise defined herein shall have the meanings ascribed to them in the trust deed to be dated 19 April 2006 (the ''Trust Deed'') among the Issuer, Alliance Bank and J.P. Morgan Corporate Trustee Services Limited as trustee for the Securityholders from time to time and the following terms shall, unless the context otherwise requires, have the following meanings:

''Securities'' means the U.S.$150,000,000 9.375 per cent. Perpetual Non-cumulative Capital Securities outstanding of the Issuer issued for the purposes of enabling the Issuer to advance a subordinated loan to the Bank capable of qualifying as Tier 1 Capital of the Bank, the holders of which are entitled to the benefits of this Agreement as evidenced by the execution of this Agreement; and

''Subordinated Support Agreement Additional Amounts'' has the meaning ascribed to it in clause 2.7.

2. Support

2.1 Alliance Bank shall for so long as any of the Securities are outstanding, directly or indirectly, own all of the issued and outstanding share capital of the Issuer and shall not pledge, grant a security interest in, encumber or alienate any of such share capital.

2.2 Subject to clause 2.5, Alliance Bank shall, with effect on and from the date of this Agreement, cause the Issuer to maintain a Tangible Net Worth (as hereinafter defined) of at least one euro.

As used herein ''Tangible Net Worth'' shall mean the total assets of the Issuer less the sum of intangible assets and total liabilities of the Issuer, as determined in accordance with generally accepted accounting principles in The Netherlands applied on a consistent basis as shown in the Issuer's most recent annual audited consolidated balance sheet (commencing with the Issuer's audited consolidated balance sheet at 31 December 2006). An annual certificate of the auditors of the Issuer as to the amount of Tangible Net Worth shall, in the absence of manifest error, be final and conclusive.

2.3 If the Issuer at any time shall have insufficient funds or other liquid assets to meet its payment obligations in respect of the Securities, the Issuer shall immediately give notice to Alliance Bank to such effect and Alliance Bank shall, subject to clause 2.5, make, or have made, available to the Issuer, before the due date of such payment, funds sufficient to enable the Issuer to meet such payment obligations in full, as they fall due. The Issuer agrees for the benefit of the Trustee (on behalf of the Securityholders) that it shall use the funds made available to it by Alliance Bank hereunder solely for the fulfilment of any obligations it may have in respect of the payment or repayment of money's borrowed and amounts raised, whether present or future, actual or contingent. Alliance Bank acknowledges for the benefit of the Trustee (as trustee for the Securityholders) that in the event that the Issuer has insufficient funds or other liquid assets to meet its payment obligations falling due in respect of the Securities any failure by Alliance Bank to perform its obligations hereunder shall mean the Issuer is unable to fulfil such payment obligations under the Securities and, accordingly, agrees that the Trustee (as trustee for the Securityholders) may enforce Alliance Bank's obligations hereunder in the circumstances described in clause 4.4.

2.4 Any and all funds from time to time provided by Alliance Bank to the Issuer pursuant to clause 2.2 or 2.3 above shall be either, at the option of Alliance Bank, (i) by way of subscription for, and payment of, share capital (other than redeemable share capital) of the Issuer, or (ii) by way of subordinated loan, that is to say, a loan principal and interest on which is not permitted to be, and is not capable of being, repaid or paid unless all other debt of the Issuer and its obligations under the Securities have been fully satisfied and, in the case of (i) and (ii), is subordinated on a winding-up of the Issuer to claims of holders of the Securities it being understood that, subject to the satisfaction of the Redemption Condition (as defined in the Subordinated Loan Agreement) any discharge of the payment obligations of Alliance Bank under this Agreement shall to the same extent reduce its obligations under the Subordinated Loan Agreement except to the extent that there is a subsequent failure by the Issuer to make payment to the Securityholders.

2.5 The rights and claims against Alliance Bank under this Agreement are subordinated to the claims of the Senior Creditors in that any payments otherwise due hereunder by Alliance Bank are conditional upon satisfaction of the conditions set out in the following provisions of this clause 2.

2.6 Notwithstanding clauses 2.2 and 2.3, if, at the time that Alliance Bank is required to make a payment under this Agreement in connection with any payment on the Securities, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up or analogous proceedings of Alliance Bank, the rights and claims of the Issuer against Alliance Bank under this Agreement will rank:

(a) subordinate and junior only to the Senior Obligations of Alliance Bank;

(b) *pari passu* with all Parity Obligations of Alliance Bank; and

(c) senior only to all Junior Obligations of Alliance Bank.

2.7 Subject to Clause 2.5, all payments made under this Agreement will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Kazakhstan or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, Alliance Bank, will pay such additional amounts ("Subordinated Support Agreement Additional Amounts") as may be necessary in order that the net amounts received by the Issuer after any such withholding or deduction shall equal the amounts which would have been receivable under this Agreement in the absence of such withholding or deduction (and for Kazakhstan tax purposes, such Subordinated Support Agreement Additional Amounts shall be deemed to be part of the payments due to the Issuer).

2.8 In the event that the amounts described in clauses 2.2, 2.3 and 2.7 cannot be made in full by reason of the conditions referred to in clauses 2.5 or 2.6, such amounts will be payable *pro rata* in the Relevant Proportion and the holders shall have no entitlement to any such unpaid balance.

3. Other Undertakings

3.1 Alliance Bank undertakes that it will not directly or indirectly issue any preference shares or other Tier 1 securities ranking, as regards distributions on a liquidation of the Bank, senior to its obligations under this Agreement or enter into any support agreement or give any guarantee in respect of any preference shares or other Tier 1 securities issued by any Subsidiary or other entity if such support agreement or guarantee would rank, as regards distributions on a liquidation of the Bank, senior to this Agreement (including, without limitation, any guarantee that would provide a priority of payment with respect to distributable funds) unless, in each case, this Agreement is changed to give the Issuer such rights and entitlements as are contained in or attached to such preference shares or other Tier 1 securities or such other support agreement or guarantee so that this Agreement ranks *pari passu* with, and contains substantially equivalent rights of priority as to payment on, any such preference shares, Tier 1 securities or such other support agreement or guarantee.

3.2 Alliance Bank undertakes that, so long as any of the Securities is outstanding (a) unless Alliance Bank is itself being wound up or as otherwise required by law or regulation, it will not permit, or take any action that would or might cause, the liquidation, dissolution or winding-up of the Issuer otherwise than with the prior approval or written notice of non- objection of the FMSA (if then required) and (b) the Issuer will at all times be a wholly-owned subsidiary of Alliance Bank, unless in the case of (a) or (b), otherwise approved by the Trustee (on behalf of the Securityholders).

3.3 Alliance Bank undertakes that it will comply with the obligations expressed in the Trust Deed to be applicable to it and will procure that the Issuer will comply with the obligations expressed in the Trust Deed to be applicable to the Issuer.

3.4 Alliance Bank will procure that the Issuer will maintain at all times whilst the Securities are outstanding (a) a Paying and Transfer Agent, (b) whilst the Securities are listed on the Stock Exchange, a Paying and Transfer Agent in London, (c) to the extent not already required by any of the foregoing sub-paragraphs, a Paying and Transfer Agent in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, (d) a Registrar and (e) at any time required by the terms of the Securities, a Calculation Agent.

4. Termination and other matters

4.1 This Agreement is not, and nothing herein contained and nothing done by Alliance Bank pursuant hereto shall be deemed to constitute, a guarantee by Alliance Bank of any Security.

4.2 If the Issuer shall be in liquidation, administration or receivership or other analogous proceedings or enters into winding-up proceedings and Alliance Bank shall be in default of its obligations hereunder, Alliance Bank shall be liable hereunder by way of liquidated damages for such default in an amount equal to the sum that Alliance Bank would have paid had it performed in full all of its obligations hereunder, and the Issuer and any liquidator, administrator or receiver of the issuer or other analogous officer or official shall be entitled to claim accordingly.

4.3 Alliance Bank hereby covenants that it will fully and promptly perform its obligations under this Agreement.

4.4 Alliance Bank hereby acknowledges and agrees that the Issuer shall be entitled, so long as any sum remains payable under this Agreement, at any time, to take such steps as it deems necessary to enforce the obligations of Alliance Bank hereunder, but only to the extent that any payment obligations remain due and owing under the Securities. Notwithstanding any other provision hereof, Alliance Bank and the Issuer agree for the benefit of the Trustee (as trustee for the Securityholders) that in the event that any payment or other obligation of the Issuer under the Securities is not duly performed in accordance with the terms of the Securities and the Issuer has not within ten Business Days in Almaty of such failure to perform, exercised in a manner satisfactory to the Trustee such rights as it has hereunder against Alliance Bank (including the right to give notice to Alliance Bank under clause 2.3), the Trustee (as trustee for the Securityholders) may exercise any or all such rights, in the name of, and on behalf of, the Issuer.

4.5 This Agreement shall be deposited with and held by the Registrar for so long as any Security remains outstanding. Alliance Bank hereby acknowledges the right of the Holders to obtain from it or the Registrar a copy of this Agreement.

4.6 This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

4.7 With respect to the Securities, this Agreement shall terminate and be of no further force and effect upon (i) payment of the Optional Redemption Price on all Securities, or (ii) purchase and cancellation of all Securities, as the case may be, provided however that this Agreement will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid in respect of the Securities or under this Agreement must be restored by a holder, the Trustee or the Issuer for any reason whatsoever.

5. Transfer; Amendment; Notices

5.1 Subject to operation of law, all undertakings and agreements by Alliance Bank contained in this Agreement shall bind the successors, assigns, receivers, trustees and representatives of Alliance Bank and shall inure to the benefit of the Issuer. Alliance Bank shall not transfer its obligations hereunder without the prior approval of the Issuer.

5.2 Except for those changes (a) required by clause 3.1 hereof; or (b) which do not adversely affect the rights of Securityholders or the Trustee (in any of which cases no agreement will be required), this Agreement shall be changed only by agreement in writing signed by Alliance Bank and the Issuer. Save as provided above, each of Alliance Bank and the Issuer covenant that it will not consent, either orally or in writing, to any modification, amendment or termination of this Agreement and it will not terminate this Agreement while any Security remains outstanding.

5.3 Any notice, request or other communication required or permitted to be given hereunder to the Issuer or Alliance Bank shall be given in writing by delivering the same against receipt therefor or be addressed c/o Alliance Bank, as follows, to:

JSC Alliance Bank
100A Furmanov Street
Almaty 050000
Kazakhstan

Attention:	Director of International Relations Department
Telephone:	+7 3272 58 40 40
Facsimile:	+7 3272 59 67 87

The address of Alliance Bank may be changed at any time and from time to time and shall be the most recent such address furnished in writing by Alliance Bank to the Registrar for the Securities.

Any notice, request or other communication required or permitted to be given hereunder to the Securityholders or the Trustee shall be given by Alliance Bank in the same manner as notices sent on behalf of the Issuer to holders.

6. Governing Law and Jurisdiction

6.1 This Agreement is governed by, and shall be construed in accordance with, English law, save for clause 2.6 which shall be construed in accordance with the laws of Kazakhstan.

6.2 Subject to clause 6.7, the courts of England shall have, subject as following in this clause 6.2 non-exclusive jurisdiction to hear and determine any suit, action or proceedings, which may arise out of or in connection with this Agreement (respectively, "Proceedings") and, for such purposes, each of the Issuer and Alliance Bank irrevocably submits to the jurisdiction of such courts. Nothing in this clause 6.2 shall limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings by the Trustee in any one or more jurisdictions preclude the taking of Proceedings by the Trustee in any other jurisdiction (whether concurrent or not) if and to the extent permitted by law.

6.3 Each of the Issuer and Alliance Bank hereby irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum in relation to any Proceedings.

6.4 Each of the Issuer and Alliance Bank hereby agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX or, if different, its registered office for the time being. If for any reason the Issuer or Alliance Bank does not have such an agent in England, it will promptly appoint a substitute process agent and notify in writing the Trustee of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

6.5 Each of the Issuer and Alliance Bank hereby consents generally in respect of any Proceedings (or arbitration in accordance with clause 6.7) to the giving of any relief (including specific performance) or the issue of any process in connection with such Proceedings or arbitration in connection with any Dispute (as defined in clause 6.8), 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 given in such Proceedings.

6.6 To the extent that Alliance Bank may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to Alliance Bank or its assets or revenues, Alliance Bank hereby agrees not to claim and hereby irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction in relation to any Proceedings and/as any Dispute.

6.7 Alliance Bank hereby agrees that the Issuer may elect, by notice in writing to Alliance Bank, to refer to arbitration in accordance with the provisions of this clause 6 any claim, dispute or difference of whatever nature howsoever arising under, out of or in connection with this Agreement (including a claim, dispute or difference as to the breach, existence or validity of this Agreement) (each a "Dispute").

6.8 Alliance Bank hereby agrees, that (with respect to any Dispute subject to a notice of election in accordance with clause 6.7, such Dispute may be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules (the "Rules") as at present in force (which are deemed incorporated into this clause 6.8)) by a panel of three arbitrators appointed in accordance with the Rules. The seat of arbitration shall be in London, England. The procedural law of any reference shall be English law. Alliance Bank, shall appoint one arbitrator and the Issuer shall appoint one arbitrator and the two arbitrators thus appointed shall appoint the third arbitrator who shall be chairman of the arbitral tribunal. The language of any arbitral proceedings shall be English. The appointing authority for the purposes of the Rules shall be the London Court of International Arbitration. Sections 45 and 69 of the Arbitration Act 1996 shall not apply to any arbitration proceedings pursuant to this clause 6.8.

6.9 Alliance Bank and the Issuer hereby agree that the Trustee or, if the Trustee fails to do so when required, the Securityholders shall have the right to enforce (a) clauses 2.3 and 4.4 of this Agreement and (b) clauses 6.1 to 6.8 of this Agreement (for which purpose clauses 6.1 to 6.8 shall be construed as if references to the "Issuer" were references to the "Securityholders" or to the "Trustee (as trustee for the Securityholders)", as the case may be) pursuant to the Contracts (Rights of Third Parties) Act 1999. Otherwise, no third party has or may acquire any right or interest in this Agreement.

USE OF PROCEEDS

The proceeds of the issue of the Securities, expected to amount to approximately U.S.$144,812,875 after deduction of the combined management and underwriting commission, the selling commission and estimated expenses incurred in connection with the issue of the Securities, will be lent by the Issuer to the Bank by way of a subordinated loan and will be used to augment the Bank's regulatory capital base.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

The currency of Kazakhstan is the Tenge, which was introduced in November 1993. Prior to 5 April 1999, the NBK maintained a managed floating exchange rate system with the rate being determined on the basis of market developments and the NBK's role in setting the exchange rate being limited to interventions in the domestic currency market in Kazakhstan in order to prevent volatile exchange rate fluctuations caused by short-term changes in supply and demand.

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

In April 1999, the NBK and the Government publicly announced that they would cease to intervene in the foreign exchange markets to support the Tenge, allowing the exchange rate to float freely. This decision was supported by international financial organisations such as the International Monetary Fund (the "IMF"). As a result, the Tenge depreciated from a pre-announcement rate of KZT88.00 per U.S. Dollar to a rate of about KZT130.00 per U.S. Dollar by May 1999. Until the end of 2002, the Tenge generally continued to depreciate in value against the U.S. Dollar, although at a much slower rate. In 2003 and 2004, the Tenge appreciated in value against the U.S. Dollar, before again depreciating slightly in 2005. See "*Risk Factors — Risk Factors relating to the Republic of Kazakhstan — Macroeconomic Considerations and Exchange Rate Policies*".

The following table sets out certain period-end, high, average and low Tenge/U.S. 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	136.04	130.00
2005	133.77	136.12	132.86	129.83

Note:

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

The above rates may differ from the actual rates used in the preparation of the Consolidated Financial Statements and other financial information appearing in this Prospectus. No representation is made that the Tenge or U.S. Dollar amounts in this Prospectus actually represent such U.S. Dollar amounts or that such amounts could have been converted into U.S. Dollars or Tenge, as the case may be, at any particular rate or at all.

Exchange Controls

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

Following the influx of U.S. Dollars into Kazakhstan due to rising oil prices, a number of steps aimed at liberalising Kazakhstan's currency control regime were undertaken between 2002 and 2004. At the end of 2005, the new currency control law and supporting regulations came into effect. Among other things, new currency control rules substantially expanded the number and type of Kazakhstan investors that can invest abroad and eased requirements for international financing into Kazakhstan.

Specifically, no NBK license is currently required (i) to open accounts in foreign banks for a Kazakhstan financial organization in connection with transactions with financial instruments on international securities markets or a Kazakhstan legal entity for the purposes of securing its obligations towards non-resident lenders; (ii) for certain Kazakhstan financial organizations 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 acquisition by residents of more than 10 per cent of voting shares of a non-resident company.

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

THE ISSUER

History

ALB Finance 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 3 October 2005 for an unlimited duration. Its number in the commercial register is 24383884. ALB Finance is a direct, wholly owned subsidiary of the Bank.

Capitalisation

The following table sets out the capitalisation of ALB Finance as at 31 December 2005 and as adjusted to reflect the issue and sale of the Securities and entering into the Schuldschein Agreement as defined below, before deducting commission and expenses:

	As at 31 December 2005 Actual		**As Adjusted[3]**	
	(U.S.$, unaudited)[1]	*(Euro, unaudited)*	*(U.S.$, unaudited)*[1]	*(Euro, unaudited)*
Senior long-term liabilities[2]	200,000,000	168,790,615	396,000,000	334,205,418
Total shareholders' equity	2,391,128	2,018,000	2,391,128	2,018,000
Total shareholders' equity and long term liabilities	202,391,128	170,808,615	398,391,128	336,223,418

Notes:

(1) U.S. Dollar amounts have been translated from the Euro amounts or vice versa at the rate of Euro 1.00 = U.S.$1.1849, which is the rate published by Bloomberg L.P. on 30 December 2005.

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

(3) Adjusted to reflect the issue and sale of the Securities and as adjusted to reflect the issue and sale of the Securities and entering into the Schuldschein Agreement as defined below, before deducting commissions and expenses.

The issued share capital of ALB Finance is €18,000, divided into ordinary shares with a par value of €100 each. As at the date of this Prospectus, ALB Finance's total issued share capital is 18,000, consisting of 180 ordinary shares which have been issued and fully paid at par and are directly owned by the Bank.

Except for the issue of the Securities and entering into a U.S.$46,000,000 schuldschein agreement on 23 March 2006 (a bilateral loan governed by German law), there has been no material adverse change in the capitalisation, financial position or prospects of ALB Finance since 31 December 2005.

Business

As set out in Article 2 of its Articles of Association, ALB Finance was incorporated for the purpose of, amongst other things, raising funds in the international capital markets and lending such funds to the Bank or its subsidiaries. ALB Finance may, in the future, enter into other financing arrangements for similar purposes. See "Use of Proceeds". ALB Finance has no employees or subsidiaries.

In November 2005, ALB Finance issued U.S.$200 million 9 per cent. Notes due 2010, which are unconditionally and irrevocably guaranteed by the Bank.

On 30 March 2006, ALB Finance and the Bank established a global medium term note programme (the "Programme"), pursuant to which, ALB Finance may, from time to time, issue senior or subordinated notes (in the case of senior notes, having the benefit of a guarantee by the Bank). Notes issued under the Programme may be listed on the London Stock Exchange. As at the date of this Prospectus, no notes have been issued under the Programme, although it is ALB Finance and the Bank's intention to commence issuing notes under the Programme in the near future.

Except as set forth in the capitalisation of ALB Finance above, ALB Finance has no outstanding indebtedness in the nature of borrowings, guarantees or contingent liabilities as at the date of this Prospectus.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ALB Finance is aware) involving ALB Finance, which may have, or have had since the date of incorporation of ALB Finance, a significant effect on the financial position of ALB Finance.

Financial Statements

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

Management

ALB Finance currently has two managing directors, Nurtaza Baitenov (40), who is a Deputy Chairman of the Bank, and Equity Trust Co. N.V. ("Equity Trust"), a company incorporated with limited liability in The Netherlands. The directors of Equity Trust are F. van der Rhee, R.G.A. de Schutter, J.C.W. van Burg and the deputy directors are W.P. Ruoff and W.H. Kamphuijs.

There are no potential conflicts of interest between any duties of the managing directors towards ALB Finance and their private interests and/or other duties.

General Information

The business address of ALB Finance and its managing directors is Schouwburgplein 30-34, 3012 CL, Rotterdam, The Netherlands and its telephone number is +31 (0)10 2245333. Administrative services are provided to the Issuer by Equity Trust Co. N.V., whose business address is Schouwburgplein 30-34, 3012 CL, Rotterdam, The Netherlands. ALB Finance has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the establishment of the Programme and the performance of its obligations in relation thereto.

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

DESCRIPTION OF THE BANK

Overview

As at 31 December 2005, the Bank was the fifth largest commercial bank in Kazakhstan in terms of assets, according to data from Consolidated Financial Statements, with assets of KZT332,758 million; the fourth largest bank in Kazakhstan in terms of shareholders' equity, with shareholders' equity of KZT28,032 million; and the fourth largest bank in Kazakhstan in terms of total time deposits (including retail deposits), with total time deposits of KZT100,347 million.

In accordance with Kazakhstan laws and Article eight of the Bank's Charter, the Bank is authorised to act as a commercial bank and to offer a wide range of traditional banking services, including deposit taking, lending, issuing letters of credit and guarantees, availing promissory notes, issuing payment cards, foreign currency exchange operations, broker-dealer transactions, custody operations, clearing and safe-keeping operations, leasing, correspondent banking, precious metal brokering, cash operations, remittances, trust operations, pawnshop operations, factoring and forfeiting operations and issuances of securities. The Bank's primary business consists of retail and corporate banking. Its retail banking activities include lending and deposit taking as well as the provision of payment card services. The Bank's corporate banking division provides a broad range of banking products to a diversified group of domestic customers, primarily SMEs. The Bank is also an active participant in the fixed income securities and foreign currency markets in Kazakhstan.

As at the date of this Prospectus, the Bank had 16 full-service branches located in the principal cities of Kazakhstan and 56 cash settlement offices (that provide a more limited range of banking services) throughout Kazakhstan.

The Bank holds a general banking licence (No. 250), as amended by the FMSA on 2 September 2005. In addition, the Bank was granted a licence to conduct broker/dealer operations by the FMSA on 11 August 2004 and a licence to conduct custodian operations on 28 May 2005. The Bank's registration number is 4241 1900 AO; its headquarters are located at 100A Furmanov Street, Almaty 050000, Kazakhstan, while its registered address is at 80 Satpayev Street, Almaty 050046, Kazakhstan, and its telephone number is +7 3272 584 040.

History

The Bank was incorporated on 14 May 1993 as an open joint stock company under the name IrtyshBusinessBank OJSC. Headquartered in Pavlodar, the Bank became one of the first banks in Kazakhstan to have branches in more than one region. On 13 July 1999, IrtyshBusinessBank OJSC merged with Semipalatinsk City Bank, another regional bank based in Eastern Kazakhstan, which had been incorporated in 1992. The combined bank primarily served large industrial enterprises in the Eastern Kazakhstan and Pavlodar regions.

In October 2001, a consortium of domestic companies, led by OJSC Almaty Kus (a poultry company part owned by Seimar Investment Group), CJSC Astyk Astana 2030 (a grain company), CJSC Byte Corporation (a media holding company) and CJSC Zhana Gasyr NS (a construction company), acquired a 37 per cent. interest in the Bank. In connection with this acquisition, the Bank increased its share capital to KZT1,179 million. The Bank retained a new management team and developed and began to implement a new growth strategy.

In March 2002, the Bank changed its name to OJSC Alliance Bank and relocated its headquarters to Almaty, Kazakhstan's financial centre. Following an issue of shares amounting to KZT820 million to two leading Kazakhstan companies, Rakhat Confectionery and the ANT Group, in August of 2002, the Bank's authorised share capital increased to KZT2 billion, making it the eighth largest bank in Kazakhstan in terms of authorised share capital as at 31 December 2002.

In 2002, in addition to the then existing branches in Ust-Kamenogorsk, Semipalatinsk, Pavlodar and Ekibastuz, the Bank opened new branches in Astana, Almaty and Petropavlovsk. In the same year, the Bank joined the Kazakhstan Deposit Insurance Fund, which guarantees certain retail deposits made with member banks, thereby making such deposits more attractive to potential customers.

In the fourth quarter of 2002, the Bank first entered the international syndicated loan market as a borrower and issued its first offering of subordinated bonds on the domestic market.

In April 2003, the Bank became a member of the KASE with the right to deal in government and corporate securities traded on the KASE.

In May 2003, the Bank authorised a third issue of ordinary shares totalling 200,000 shares, with an aggregate nominal value of KZT2 billion, followed by a fourth issue of shares in September 2004 totalling a further 300,000 shares (again with an aggregate nominal value of KZT3 billion), of which 250,000 were designated ordinary shares and 50,000 were designated preference shares. As at 31 December 2004, following an increase in the authorised share capital totalling 2,100,000 shares with an aggregate nominal value of KZT21 billion, the authorised share capital of the Bank was KZT28 billion, of which KZT500 million were preference shares and KZT27.5 billion were ordinary shares. The new shares, the fifth issue of common shares, were placed with shareholders between December 2004 and February 2006. As at 31 December 2005, 2,440,715 ordinary shares were issued and fully paid and 50,000 preference shares were issued and fully paid (including 740 preference shares repurchased by the Bank and held as treasury stock as at 31 December 2005).

In 2003, the Bank assisted the State mortgage company "Mortgage Loans Guarantee Fund" JSC with the implementation of an extensive programme to promote long-term mortgage-backed lending in the regions, which provided the Bank with an opportunity to broaden its client base and to expand the range of financial products it offers (including mortgages to home-owners and long-term loans to construction businesses). Participation in this programme also effectively reduced the Bank's credit risk as mortgages granted under the programme are partially insured by "Mortgage Loans Guarantee Fund" JSC.

In 2003, the Bank further expanded its branch network by opening branches in Karaganda and Atyrau.

In August 2004, the Bank concluded an agreement with Kazpost JSC ("Kazpost"), a state owned postal company under which the Bank started offering a range of its financial products through a number of Kazpost outlets.

In January 2005, the Bank established branches in Kostanay and Aktau.

In May 2005, the Bank entered into a one year loan facility agreement with a syndicate of international banks led by Citibank, N.A., London branch and ING Bank N.V., pursuant to which the Bank was entitled to draw down loans up to the aggregate amount of U.S.$80 million for the purpose of funding current trade related contracts entered into by customers of the Bank.

On 27 June 2005, the Bank issued its debut U.S.$150 million 9 per cent. Eurobonds due 2008. The Eurobonds were issued pursuant to Regulation S under the Securities Act. J.P. Morgan Securities Ltd. and HSBC Bank plc acted as joint lead managers for the transaction.

In September 2005, the Bank opened a second branch in Almaty and converted an existing cash settlement office in Zhezkazgan into a branch. By the same time the Bank was able to offer a range of its financial products through the approximately 4,000 Kazpost outlets throughout Kazakhstan.

In November 2005, the Bank launched its branch in Shymkent, in southern Kazakhstan.

On 7 November 2005, the Bank entered into a syndicated loan in the amount of U.S.$170 million which was arranged by Deutsche Bank AG, London Branch and ING Bank N.V.

On 22 November 2005, ALB Finance issued U.S. $200 million 9 per cent. Notes due 2010 guaranteed by the Bank. The Eurobonds were issued pursuant to Regulation S under the Securities Act. ABN AMRO Bank N.V. and Citigroup Global Markets Limited acted as joint lead managers for the transaction.

In December 2005, the Bank established two further branches in Uralsk and Aktobe, and also arranged two lines of credit from the EBRD in the amounts of U.S.$10 million and U.S.$5 million. In March 2006, the Bank obtained two further lines of credit from the EBRD also in the amounts of U.S.$10 million and U.S.$5 million.

Strategy

As Kazakhstan's economy grows and the private sector expands, Management expects to see continued strong demand from private sector companies for financial services, including a range of financing. In addition, Management believes that the demand for retail banking services will continue to grow to a large extent due to a further increase of public confidence in the banking sector, and, accordingly, the Bank has recently begun to focus more closely on the development of its retail business, targeting customers in the relatively under penetrated mass market. A major contributing factor to the recent growth in the private sector in Kazakhstan was the set of measures taken by the NBK and FMSA with a view to developing and stabilising Kazakhstan's banking sector, including the establishment in 2000 of the Kazakhstan Deposit Insurance Fund.

Following three years of rapid expansion of both the deposit base and loan portfolio of the Bank, Management aims to continue the growth of the Bank across all its business lines and thereby consolidate the Bank's position in the market. Generally, the Bank's strategy will continue to focus on strengthening and expanding its retail and corporate banking (especially SME) services. The Bank's newest strategic plan places a particular emphasis on developing the Bank's retail banking business through an increased network of points-of-sale and brokers to provide, initially, retail lending, and as the targeting of new retail accounts develops, additional retail deposits and other retail banking products.

The key elements of the Bank's strategy include:

- development and strengthening of its existing market position;
- entrance into new financial market segments;
- continuous improvement of financial performance;
- optimisation and modernisation of banking products;
- increased quality of services provided; and
- increased national coverage.

Development and Strengthening of Existing Market Position

The Bank intends to build on its existing market positions in its different business areas initially to remain competitive but also to increase its market share in each such market. It intends to do this primarily by developing its retail and SME lending businesses. The Bank also plans to increase the diversity of its loan and deposit portfolios to avoid over-dependence on a single business sector or geographical area.

As part of this, the Bank has set itself the goal of becoming the largest lender in the retail sector over the next few years. Management expects to be able to achieve its stated goal due to the increased use of the Bank's alternative distribution channels, in addition to the Bank's branch and cash-settlement outlets to access a greater number of retail customers. In particular, the Bank intends to rapidly expand its use of broker services to sell its "Express" loan products by actively targeting individuals within the mass retail market which the Bank believes is currently under banked. See "—*Distribution Channels*".

Management believes that the Bank's historically relatively high capitalisation puts the Bank at a competitive advantage in the Kazakhstan banking sector and enables the Bank to grow in line with the growth of the market. This is supported by the fact that the Bank's shareholders have declared their intention to support this growth through further capital injections over the next couple of years.

In addition, Management sees aggressive and high profile marketing as an important factor in attracting new customers. Management recorded increased marketing costs for 2005 of KZT551 million, compared to KZT396 million in 2004.

Entrance into New Financial Market Segments

Management believes it can substantially expand its client base and reduce its market risk by attracting clients in market segments in which the Bank currently has either no or limited presence. In particular, the Bank aims to launch operations in the pension funds market, by starting to hold securities for pension funds as administrator and registrar on the basis of the licence to conduct custodian operations obtained from the FMSA on 28 May 2005; in the payment card market, through the launch of its own ATM network; and in the promissory note market, by increasing the volume of its operations in promissory notes.

The Bank also intends to target new sectors of the market in retail banking, such as middle and low income workers and pensioners, which Management believes offer strong growth opportunities based their relatively low penetration rates.

Continuous Improvement of Financial Performance

In order to continue to improve its financial performance in the highly competitive market environment where margins are decreasing, the Bank will seek to improve the efficiency of its operational processes. Management intends to achieve this by increasing the sales volumes of its core banking products while streamlining its internal operational processes to make them more efficient and cost effective.

In addition, the Bank intends to concentrate on higher margin products (i) in the mass retail markets, where margins are generally higher than in other sectors, and (ii) in the corporate banking sector, focusing on structured finance products, leasing and factoring.

Optimisation and Modernisation of Banking Products and Flexibility of Product Range

In order to attract new clients and retain existing customers, Management intends to further develop and expand the Bank's product range. Platforms aimed at achieving these goals include:

- market research to identify banking products and services that are in greater demand among existing and potential customers and which offer higher levels of customer satisfaction;
- gaining a greater understanding of the processes involved in each of the products and services the Bank offers to be able to offer such products and services in the most effective way;
- further development of the Bank's support systems, particularly its IT, marketing, operational and sales processes with the aim of improving the quality of the Bank's products;
- segmentation of the Bank's client base, with a view to allowing the Bank to tailor its individual banking products and series of products to specific client segments; and
- focusing on cross-selling opportunities.

Increased Quality of Services Provided

Management will seek to continue to improve the quality of its products and customer service. For this purpose, the Bank intends to implement the following:

- a quality control division responsible for setting standards of product and service quality and monitoring compliance with quality standards;
- standardised service norms across the Bank's branch network;
- training programmes for employees, focusing particularly on client contact skills;
- regular monitoring and appraisal of the technical and client service skills of the Bank's personnel;
- comprehensive quality control procedures; and
- an efficient client feedback system to enable the Bank to react swiftly and effectively to customers' needs.

Increased National Coverage

In order to make the Bank's products more easily accessible to individuals and companies throughout Kazakhstan and to attract new customers, the Bank intends to expand its network of branches by two or three branches and double its cash settlement offices throughout Kazakhstan in 2006.

However, Management will limit the opening of new branches and cash settlement offices to areas offering a realistic prospect of financial stability and growth of customer base. In addition to the establishment of new branches in Kostanay and Aktau where the latter is the centre of Kazakhstan's oil industry, and of a second branch in Almaty, and the conversion of a cash settlement office in the fast developing city of Zhezkazgan into a branch, the Bank expanded its branch network to Aktobe, Uralsk and Shymkent, locations considered by Management to be primary growth areas, and plans to convert its existing cash settlement office in Taldykorgan, which is believed to be another fast developing city, into a full-service branch.

In certain other locations, where growth levels are likely to remain relatively modest, the Bank intends to open cash settlement offices rather than full-service branches.

The Bank intends to continue to offer its services through the 4,000 Kazpost outlets and to increase the range of services offered through such outlets.

In addition, the Bank intends to use the services of brokers to sell its "Express" loans and has recently begun to provide such services through Alliance Finance LLC ("Alliance Finance"), Alliance Retail Group LLC ("Alliance Retail"), Dynasty Network LLC ("Dynasty") and OJSC NefteGasDem ("NefteGasDem"). Alliance Finance and Alliance Retail are currently wholly-owned subsidiaries of Seimar, the Bank's principal shareholder, and are controlled by the Bank through its representation on the respective boards of directors of those entities. Currently Alliance Finance and Alliance Retail employ 200 employees in total, although Management expects this figure to rise significantly in 2006. Management believes that using brokers to sell the Bank's products provides the Bank with certain competitive advantages based, for example, on the commission structure offered to individual brokers to incentivise them to find customers. Moreover, the broker network permits the Bank to take advantage of sales techniques such as tele-sales and other "cold calling" marketing activities that the Bank's own employees might not otherwise have the training or resources to undertake.

Management has no current intention to expand its services or branch network to neighbouring countries, other than its wholly-owned subsidiary OJSC FinancekreditBank operating in the Kyrgyz Republic (which was opened for the provision of cash settlement services to the Bank's clients with business activities in both Kazakhstan and the Kyrgyz Republic).

Business of the Bank

Overview

The Bank offers most traditional corporate and retail banking products and services, including deposit taking, lending, issuing letters of credit and guarantees, availing promissory notes, issuing payment cards, foreign currency exchange operations, broker-dealer transactions, custody operations, clearing and safe-keeping operations, leasing, correspondent banking, precious metal brokering, cash operations, remittances, trust operations, pawnshop operations, factoring and forfeiting operations and issuances of securities. The Bank's primary business consists of retail and corporate banking. Its retail banking activities include lending and deposit taking as well as the provision of payment card services. The Bank's corporate banking division provides a broad range of banking products to a diversified group of domestic customers, primarily SMEs. The Bank is also an active participant in the fixed income securities and foreign currency markets in Kazakhstan.

Corporate Banking

The Bank provides commercial banking products and services to small-, medium- and, to a limited extent, large-sized enterprises in Kazakhstan. The Bank's corporate banking activities include the provision of a broad range of traditional corporate banking services, including deposit taking and lending, to a diversified group of domestic customers. As at 31 December 2005, the Bank had approximately 470 corporate deposit accounts and approximately 16,051 corporate current accounts, representing a market share of 6.3 per cent. As at the same date, loans to corporate clients (including SMEs) represented approximately 73 per cent. of the Bank's total loan portfolio, while the Bank's share of the corporate lending market in Kazakhstan was approximately 5.5 per cent.

The Bank established its Corporate Finance Department in 2003, followed by its SME Business Department in early 2005.

The services provided to larger corporate clients are designed to offer customers a seamless "one package" full range of products. In order to increase income from its existing corporate customers and attract new customers, the Corporate Finance Department recently developed and launched the following lending and documentary operations products: leasing; factoring; forfeiting; commercial paper; sophisticated investment products (structuring and financing); unsecured tender guarantees for corporate customers with subsequent post-tender guarantees; and structured finance products (including pre-export and post-financing with international counterparts). The Bank began offering simple documentary operations (escrow accounts) on a trial basis in 2004, following customer demand.

Although the Bank has a number of large corporate clients, the Bank's principal focus is on the SME sector. The Bank recognises that SMEs historically have been the primary component of the Bank's customer base and Management believes that this will not change in the near future. As at 31 December 2005, SMEs accounted for 47 per cent. of the Bank's total loan portfolio and the Bank estimates that it had a 15 per cent. share of the SME lending market in Kazakhstan.

In addition to traditional corporate banking products, the Bank has developed the following products aimed specifically at the SME sector:

- **SME "Express" Loans**

  SME "Express" loans are loans for amounts of between U.S.$500 and U.S.$10,000 (or the KZT equivalent) with a maximum term of 18 months bearing interest at rates of between 24 per cent. to 33 per cent. per annum. These loans are targeted at small companies, such as family run grocery stores, and are generally secured against merchandise, trade and production equipment and personal belongings, such as cars.

- **"Micro" Loans**

  Micro loans are loans for amounts of between U.S.$1,000 and U.S.$50,000 (or the KZT equivalent) with a maximum term of 48 months for USD loans and 84 months for KZT loans and bearing interest at rates of between 18 per cent. and 24 per cent. per annum. These loans are secured against real estate by a minimum of 50 per cent. and movable property (such as merchandise, trade and production equipment and personal belongings, such as cars, to a maximum of 50 per cent.).

- **"Small" Loans**

  Small loans are loans for amounts of between U.S.$50,000 and U.S.$500,000 (or the KZT equivalent) with a maximum term of four years for USD loans and seven years for KZT loans and bearing interest at a rate of between 14 per cent. to 18 per cent. per annum. These loans are generally granted for working capital or investments and must be secured 70 per cent. against real estate and 30 per cent. against movable property (such as merchandise, trade and production equipment and personal belongings, such as cars) such that the loans are fully secured.

- **Business Mortgages**

  Business mortgages are loans for the purchase of commercial real estate for amounts of up to U.S.$1 million with a maximum term of seven years (although the typical maturity is between three and four years) and bearing interest at a rate of 18 per cent. per annum. These loans are secured on the real estate purchased with the proceeds of the loan. The maximum amount of the loan is 70 per cent. of the value of the real-estate on which it is secured. The borrower is required to make a down-payment of between 30 per cent. and 40 per cent. of the appraised value of the real-estate.

- **Over-Collateralised Loans**

  Over-collateralised loans are loans for amounts of between U.S.$500 and U.S.$500,000 with a maximum term of three years and bearing interest at rates of between 18 per cent. and 26 per cent. per annum depending on the nature of the business and the quality of the collateral. These loans are granted to borrowers which are considered to pose a high credit risk and, consequently, are not able to obtain financing on the customary terms. Such borrowers are required to provide collateral amounting to 200 per cent. of the value of the loan, which can only be in the form of real estate.

- **Business Start-Up and Operating Loans Secured by a Deposit**

  Business start-up and operating loans secured by a deposit may be in amounts between U.S.$1,000 and U.S.$1 million with a maximum term of 10 years (although usually maturity does not exceed five years) and bearing interest at rates of between seven per cent. and 15.5 per cent. per annum. These loans are extended for the purchase of real estate, plant or machinery or for the replenishment of inventory and are secured by the real estate to be financed by the loan, deposits, real estate already owned by the borrower and/or automotive vehicles. The value of any financed real estate shall not be less than between 60 and 90 per cent. of any loan amount.

- **Car Loans**

  Car loans for businesses are loans for the purchase of cars, buses, lorries and special machinery for amounts of up to U.S.$1 million (or KZT equivalent) with a maximum term of five years and bearing interest at a rate of 17 per cent. per annum. These loans are secured against the purchased transportation equipment or real property.

As at the date of this Prospectus, the Bank is the only commercial bank in Kazakhstan to offer financing on the terms described under the captions 'Loans for the Purchase of Commercial Real Estate', 'Over-Collateralised Loans' and 'Loans for Start-Ups and Operating Businesses'. As a result, the Bank has experienced a particularly high demand for these products and is in a position to set relatively high interest rates for these products.

The Bank has also implemented the following initiatives to expand its client base in the SME sector:

- **Mobile Credit Committees**

  The Bank has established Mobile Credit Committees that are groups of credit officers that travel to isolated areas where there is a cluster of SMEs but there is otherwise no access to banking products. A Mobile Credit Committee can give provisional decisions to a specific SME as to whether a loan can be granted to it and provide the SME with indicative terms of such loan. Although following this procedure, the management of the SME will need to visit a branch of the Bank in order to comply with the Bank's internal requirements and to draw the loan, the Bank has found that such SMEs are more likely to do so once they have a preliminary loan decision and indicative terms.

- **SME Finance Outlets**

  The Bank has established SME Finance Outlets in locations with a large number of SMEs, such as shopping districts and markets. SME Finance Outlets have the authority to give provisional decisions on loans to SMEs and provide SMEs with indicative terms of such loans. As is the case with Mobile Credit Committees, the borrower is required to visit the Bank's branch to formalise the loan agreement and to draw the loan.

- **SME Lending Units**

  The Bank has also established specialised SME Lending Units in each of its branches particularly to deal with SME clients.

- **SME programmes supported by the Government and multilateral agencies**

  The Bank also participates in a number of special programmes for financing SMEs and enterprises in targeted industries, arranged and sponsored by the NBK, the Ministry of Finance, the Ministry of Agriculture and several local or regional executive bodies, as well as international financial institutions, such as the Islamic Development Bank (the "IDB") and the Asian Development Bank. In addition, at the end of 2005, the Bank joined the EBRD's programme relating to trade financing and MSE, and, in early 2006, the Bank became a participant in the EBRD's programme for SME financing and financing of grain exports from Kazakhstan. See "—*EBRD's Established Programmes*".

The Bank's approval procedures for SME lending are based, in part, on EBRD guidelines for SME financing. See "—*Lending Policies and Procedures*". The Bank makes its own decision, however, on the interest rate applicable to each loan on a case-by-case basis taking into account the nature of the business of the specific SME, the quality of collateral and other relevant factors. Management believes that this flexibility with regards to setting interest rates gives the Bank a competitive advantage over a number of other commercial banks operating in the Kazakhstan SME lending sector, which use a fixed interest rate for all SME loans.

A major part of the Bank's corporate banking activity, other than SMEs, consists of the provision of trade finance and short-term credit facilities, including letters of credit, guarantees and working capital facilities mostly in Euro and in U.S. Dollars. The majority of the Bank's trade finance loans have maturities of less than 12 months. As demand for longer-term facilities grows, the Bank intends to link underlying funding sources to longer-term financing when available. In addition, the Bank has limited dealings with governmental agencies, primarily making short-term loans to state entities involved in the rail and nuclear industries by discounting commercial paper issued to their suppliers.

Retail Banking

The retail banking market in Kazakhstan has expanded rapidly since 2001. The factors contributing to this expansion were the establishment of the Kazakhstan Deposit Insurance Fund in 2000 and the announcement by the Government of a tax amnesty in relation to any capital deposited with banks between June and July 2001. The latter programme brought approximately U.S.$480 million into the Kazakhstan banking system.

The Bank offers a wide range of retail banking products and services, including current accounts, time deposits, debit and payment cards and currency exchange.

Retail Accounts and Lending

According to information compiled by the NBK, the Bank had the fifth largest retail customer deposit base in Kazakhstan as at 31 December 2005. As at 31 December 2005, the Bank held approximately 240,822 retail deposit accounts and approximately 5,062 retail current accounts. The Bank's share of the Kazakhstan retail deposit market has increased from 5.6 per cent. as at 31 December 2004 to 7.7 per cent. as at 31 December 2005. The Bank's share in the Kazakhstan retail lending market grew from 3.4 per cent. as at 31 December 2004 to 8.3 per cent. as at 31 December 2005. The increase in the Bank's market share was supported by an increase in the number of cash settlement offices in areas with the fastest growing retail banking market, particularly in Almaty, Astana, Karaganda, Pavlodar, Semipalatinsk and Ust- Kamenorgorsk.

The Bank believes that its branch network, along with the sales opportunities offered by its strategic partnership with Kazpost, its recently developed brokerage network and its relationships with retail outlets, will allow it to take advantage of the expansion of the retail market and to actively increase its individual customer and depositor base. See "—*Distribution Channels*".

By means of extensive market research into the retail market, carried out in 2004, the Bank has been able to develop a range of new retail banking products.

In relation to retail lending, the Bank divides its customers into two categories:

- those who can confirm their income through the State Pension Payment Centre of Kazakhstan (which holds the pension deduction records of all employees in Kazakhstan) ("Confirmed Income Borrowers") and
- those who cannot do so ("Self-Certified Income Borrowers"). See "—*Lending Policies and Procedures*" for more information. Generally speaking, while Confirmed Income Borrowers qualify for unsecured loans, Self-Certified Income Borrowers must provide collateral.

The Bank offers a relatively wide range of consumer lending products, which include the following:

- **"Express" Loans for Confirmed Income Borrowers**

  These loans can be applied for through the Bank's branches or cash settlement offices, Kazpost outlets or brokerage firms (see "—*Distribution Channels*"). Analysis of a borrower's application and loan decisions made under this product are made within 30 minutes on the basis of an automated scoring system. The loan amount that could be granted to the borrower (up to a maximum of KZT750,000) is determined automatically on the basis of the monthly income of the borrower. Loans are extended for a term of up to 36 months with advertised interest rates from 19 per cent. per annum. The Bank "front-loads" interest on all "Express" loans, the result of which is an effective yield on such loans to the Bank of 38 per cent. per annum when amortised over the life of the loan. The Bank also charges an up-front fee of not less than eight per cent. of the total amount of the loan to cover both administrative charges and also the five per cent. provision the Bank is required to record on all uncollateralised loans. In addition, the loans have early redemption penalties.

  Proceeds of the loans are paid to the customer in cash immediately upon approval. "Express" loans are designed for customers who have their salary paid into an account held with the Bank or through a Kazpost outlet. These loans do not require any collateral, but the borrower is required to authorise the Bank to deduct amounts due under the loan from the borrower's salary paid into the borrower's account with the Bank or a Kazpost outlet.

- **Retail "Express" Loans for Confirmed Income Borrowers**

  Retail "Express" Loans for Confirmed Income Borrowers are unsecured loans for amounts of three times the borrower's monthly net salary (subject to a maximum amount of KZT 1,500,000) with a maximum term of 36 months bearing interest advertised from 19 per cent. per annum. As with "Express" loans, interest is front-loaded giving an effective rate of up to 42.5 per cent. per annum, and the same fee and early redemption charges apply. Interest and principal is repaid in equal monthly instalments. Retail "Express" Loans for Confirmed Income Borrowers can be authorised and drawn-down within 30 minutes of an application being made. These loans are offered by the Bank for the purchase of specific items, such as electric appliances and furniture, and the Bank pays the proceeds of the loan directly to the vendor of the products to ensure the loan is used for the stated purpose.

- **"Loans for urgent needs" for Self-Certified Income Borrowers**

  "Loans for urgent needs" for Self-Certified Income Borrowers are collateralised loans for a minimum amount of KZT150,000 (or equivalent in U.S. Dollars) with a maximum term of five years. For loans secured on real estate, the Bank will lend up to 70 per cent. of the market value of the property, whereas loans secured on vehicles are limited to 50 per cent. of the value of the vehicle. "Loans for urgent needs" for Self-Certified Income Borrowers drawn in U.S. Dollars bear interest at advertised rates from 10 per cent. per annum and loans drawn in Tenge at advertised rates from 12 per cent. per annum. Interest is also front-loaded, giving an effective rate of 16.6 per cent. per annum for U.S. dollar loans and 22.3 per cent. per annum for Tenge loans, and the same fee and early redemption charges apply. In addition, the Bank charges a commission for drawing down the loan in the amount of up to 3.1 per cent. of the principal amount.

- **Education loans**

  These loans have a maximum term of seven years, subject to a grace period of up to a further five years. These loans bear interest at advertised rates from 14 per cent. per annum for loans denominated in Tenge and 12 per cent. per annum for loans denominated in U.S. Dollars. The target customer group for these loans comprises individuals pursuing higher education. Management believes that the main competitive advantage of this product over similar products offered by the Bank's competitors is that repayment of the principal amount of the loan is deferred until completion of the agreed term of study. The Bank "front-loads" interest on all education loans, the result of which is an effective annual rate on such loans of 19.5 per cent. for loans in U.S. Dollars and 23.8 per cent. for loans in Tenge. The Bank also charges commissions of up to 1.3 per cent. of the amount of education loans.

  In addition to consumer lending, the Bank also provides residential mortgage lending to its customers. Mortgage loans are represented by two products offered by the Bank and one product offered in conjunction with JSC Kazakhstan Mortgage Company.

- **"Mortgage Class" mortgage loans**

  Mortgage Class mortgage loans are loans offered by the Bank in U.S. Dollars and Euro for terms of up to 15 years. Customers must provide a deposit of at least 20 per cent. of the purchase price of the real estate. The loans bear interest at advertised rates of between 4 per cent. and 7 per cent. per annum depending on the amount of deposit placed with the Bank. The advantages of this type of mortgage loan are that a minimum level of documentation is required, approval can be provided within a relatively short period of time and the Bank bases its decision on the quality of collateral rather than the credit-worthiness of the borrower. The Bank "front-loads" interest on all "Mortgage Class" mortgage loans, the result of which is an effective rate on such loans of 11.2 per cent. per annum. The Bank also charges commissions of up to 1.3 per cent. of the amount of such loans.

- **"Express" mortgage loans**

  Express mortgage loans are provided in Tenge and U.S. Dollars and have a maximum term of 15 years. There is no deposit required, but the borrower must either prepay at least 20 per cent. of the purchase price of the real estate or provide collateral other than the real estate financed by the Express mortgage to cover 20 per cent. of the purchase price. Interest rates are advertised at 12 per cent. per annum for loans denominated in KZT and 10 per cent. per annum for loans denominated in U.S. Dollars. Similar to "Mortgage Class" loans, the advantages of this product include a minimum level of required documentation, approval within a relatively short period of time and reliance on the quality of collateral rather than the credit-worthiness of the borrower. As with "Mortgage Class' mortgage loans, interest is "front-loaded" giving an effective rate on "Express" mortgage loans of 20.3 per cent. per annum. The Bank also charges commissions of up to 1.3 per cent. of the amount of such loans.

- **"Alliance Mortgage"**

  "Alliance Mortgage" is a product that is offered jointly with JSC Kazakhstan Mortgage Company. Under the terms of this joint project, the Bank acts as a trustee in the management of mortgage loans extended under this product. These mortgage loans bear interest at rates determined by the Bank, at a margin of up to 4 per cent. over JSC Kazakhstan Mortgage Company's base rate. As with "Mortgage Class" and "Express" mortgage loans, interest is "front-loaded" giving an effective rate on "Alliance Mortgage" loans of 12.6 per cent. per annum. The Bank charges commissions of up to 0.7 per cent. of the amount of "Alliance Mortgage" loans.

The Bank also participates in the programme established by the NBK in 2000 for long-term financing of house construction and to encourage the 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 JSC Kazakhstan Mortgage Company, a wholly owned subsidiary of the Ministry of Finance, for further resale in the secondary mortgage market. In the event of a default by a borrower, the relevant mortgage loan is transferred back to the Bank. As at 28 February 2006, the Bank had lent KZT4.8 billion to its customers under this programme. The Bank's lending under this programme totalled KZT845 million in 2005.

In addition, the Bank is a member of the state Mortgage Loan Guarantee Fund, which guarantees repayments on its members' mortgage loans up to a limit of 40 per cent. of the loan, in the case of loans to be transferred to JSC Kazakhstan Mortgage Company, or 30 per cent. of the loan, if provided direct by the

Bank under its Mortgage Class or Express mortgage loans, allowing the Bank to mitigate possible mortgage loan non-repayment risk.

As at 31 December 2005, mortgage loans comprised 21 per cent. of the Bank's retail loan portfolio.

Payment Cards

In September 2002, the Bank became an associated member of the VISA International payment system, which enabled the Bank to begin issuing VISA payment cards. As an associated (rather than principal) member, as at the date of this Prospectus, the Bank relies on the card processing and VISA ATM system operated by Kazkommertsbank. As at 31 December 2005, the Bank had issued approximately 16,900 VISA debit and credit cards. The Bank issues four types of VISA cards (VISA Electron, VISA Classic, VISA Business and VISA Gold). In 2006, the Bank intends to expand the range of its VISA payment card products by launching VISA Instant Issue (a card which can be issued virtually instantly upon the customer's request), VISA Virtual (a payment card marketed as being geared towards purchases of goods and services over the Internet) and VISA Platinum (a card marketed among clients with a relatively high income and/or net worth). The Bank also intends to increase the total number of its VISA payment cards in issue up to 130,000. In addition, in 2006, the Bank intends to upgrade its status with the VISA International payment system from an associated membership to a principal membership. Among other things, this will allow the Bank to issue a higher number of VISA payment cards and to install and operate the Bank's own payment card processing, which will enable the Bank to provide payment card processing services to other banks.

In addition, the Bank is engaged in negotiations with a view to joining the MasterCard payment system. By May 2006, Management expects the Bank to be the fourth bank in Kazakhstan to join the system as a principal member. Upon joining, the Bank intends to launch five payment card products within the MasterCard range (Styled MasterCard Standard, CirrusMaestro, MasterCard Gold, MasterCard Platinum and MasterCard Virtual) and to issue 130,000 MasterCard payment cards by the end of 2006.

Furthermore, by the end of 2006, the Bank intends to distribute American Express cards. Management believes that the launch of the American Express products, which are viewed as a desirable accessory by high net worth and high income customers in the Kazakhstan personal finance market, will assist the Bank in the expansion of its client base among high net worth and high income clients and will generally strengthen the reputation of the Bank in the retail banking sector.

The Bank has implemented a number of programmes in order to expand its client base in the payment cards sector. Among other things, the Bank has launched the "Salary" card programme, under which the Bank issues cards to the staff of participating companies who, in return for signing a salary deposit agreement with the Bank, receive privileges and reduced commissions on card payments. The Bank was the third Kazakhstan bank to start issuing chip and PIN cards, which give holders greater security against card fraud. In 2006, the Bank intends to introduce a number of additional services relating to the Bank's payment cards, including money transfers between different cards through ATMs, funds transfers between different banks with the use of payment cards and a customer loyalty programme. Most cards issued by the Bank are cash collateralised by customers, and cards may only be used up to the amount of cash deposited with the Bank. However, as the Bank's business in uncollateralised lending increases and the Bank is able to assess credit usage and repayment history, the Bank also proposes to issue credit cards with no cash collateral where the cardholder will be able to obtain credit up to a pre-determined limit.

The Bank believes that the debit and credit card business will be one of the biggest growth areas in the retail banking market over the next few years, and, as this market develops, the Bank intends to provide Internet and telephone banking operations for its card customers.

Trading

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.

The Bank's primary activities in the capital markets sector are the sale, trading and underwriting of government, municipal and corporate securities in Kazakhstan. As at 31 December 2005, the Bank had a 6 per cent. market share of securities repurchase operations on the KASE, according to the official web site of the KASE.

The Bank's trading partners include certain major domestic and international financial institutions such as JSC Kazkommerts Bank, JSC Bank TuranAlem, JSC Halyk Bank, JSC ATF Bank, JSC Nurbank, Eurasian

Bank, Bank Caspian, JSC Bank CenterCredit, HSBC Kazakhstan, ABN AMRO Bank Kazakhstan and Citibank Kazakhstan, as well as major international banks such as Raiffeisen Zentralbank Österreich AG, Commerzbank AG, The Bank of New York, Moscow Narodny Bank Limited, Nomura Securities Ltd., ING Bank N.V., Standard Bank London, Hypo-und Vereinsbank, HSBC Bank London, ABN Amro Bank London, PAREX Bank, International Moscow Bank, Moscow Business World Bank, Bank Petrocommerce (Moscow) and Promsvyaz Bank (Moscow).

The Bank has established an internal dealing department consisting of three members conducting operations in response to the Bank's liquidity requirements.

Until 2004, the Bank held a 39 per cent. interest in Alliance Investment Management JSC, one of the leading brokerage houses operating in the securities market of Kazakhstan. The Bank sold its entire shareholding in Alliance Investment Management JSC in 2004 in order to concentrate exclusively on its banking business. Alliance Investment Management is the market maker in relation to the Bank's share issues and bond issues on the domestic securities market.

International Banking and Trade Finance

The Bank provides services for customers engaged in international trading. The Bank maintains correspondent banking relationships with many international leading banks, including HSBC Bank plc, Citibank, JP Morgan, ABN AMRO Bank N.V., ING Bank N.V., Deutsche Bank AG, Deutsche Bank Trust Company Americas, Credit Suisse, Commerzbank AG, The Bank of New York, Raiffeisen Zentralbank Österreich AG, Bank Gesellschaft Berlin AG, Bank Austria Creditanstalt, Bank of Montreal, Bayerische Hypo- und Vereinsbank, BNP Paribas, Standard Bank London Ltd., American Express, Ost-West Handelsbank AG, BCEN Eurobank, KBC Bank, Swedbank, UBS AG and PAREX Bank. The Bank continues to actively seek further international partners to enhance its growth prospects.

In the second half of 2002, the Bank became a participating member of the Western Union payment system for international money transfers worldwide.

As at 28 February 2006, the Bank had entered into a number of loan facilities in the aggregate amount of U.S.$782.9 million, including syndicated loan facilities in the amounts of U.S.$80 million and U.S.$170 million signed in May 2005 and November 2005, respectively, which were drawn in their full amounts of U.S.$80 million and U.S.$170 million, respectively, at the relevant time of signing; bilateral loan facilities in KZT from Morgan Stanley & Co. International Limited in the aggregate amount of KZT30 billion (U.S.$230 million) in two trenches of KZT22.5 billion and KZT7.5 billion, respectively; and a loan facility from the EBRD under KSBP III (as defined below) for an aggregate amount of U.S.$5 million, of which U.S.$2.5 million has been drawn down (See *"–EBRD's Established Programs"*), as well as a further U.S.$300.4 million in trade finance facilities with a number of international banks, including ING Bank N.V., RZB, UBS AG, Swedbank, Nordea Bank, of which U.S.$187 million were drawn as at 28 February 2006. (See *"–Funding – Foreign Currency Bank Borrowings"*).

The Bank is actively involved in trade finance and offers a number of different products to support trade financing, including letters of credit, guarantees and bank acceptances by way of pre-export financing, post-financing and discounting. The Bank enjoys a strong relationship in trade finance with some of Kazakhstan's largest corporations, including Kazpoligraf, Rakhat, ANT Group, Agro-StarGrain, Technodom Company, Medicus Center, AGES, North Winds Asia, Eurasia Transit Group, Ak-Erke and Renault Kazakhstan.

The Bank executes insurance transactions with export credit agencies, such as SACE, HERMES and KUKE. The Bank has entered into agreements with a number of banks, including Bayerische Landensbank AG, Bayerische Hypo- und Vereinsbank, Bank Gesellschaft Berlin AG and Deutsche Bank AG, providing for insurance cover to be extended to certain of the Bank's trade finance loans.

On 27 December 2005, the EBRD approved a U.S.$10 million line of credit to the Bank under its trade finance programme, which provides guarantees for international commercial banks in the region see "— *EBRD's Established Programmes*".

Distribution Channels

Branches and Cash Settlement Offices

As at the date of this Prospectus, the Bank had 16 branches and 56 cash settlement offices throughout Kazakhstan. The operations of each branch are subject to internal regulations and to oversight by the head office. Each branch provides a broad range of banking products and services, such as deposit-taking, lending, foreign exchange operations and remittances, while discount operations, trust operations, clearing operations, mortgage operations, issuance of cheque books and payment cards, guarantee operations, issuance of securities, factoring and forfeiting operations and transactions with precious metals are conducted out of the head office only. In comparison to branches, cash settlement offices perform a limited number of banking operations, such as utility payments, cash withdrawals and money transfers, mainly for retail customers.

The Bank has a presence in northern, eastern and southern Kazakhstan. In 2003, the Bank opened branches in Atyrau, in order to expand its sphere of influence into the oil-rich western region, and in Karaganda, a major industrial city in central Kazakhstan. In 2005, the Bank also opened branches in the cities of Aktau and Kostanay, a second branch in Almaty and converted a cash settlement office in the fast developing city of Zhezkagan into a full service branch. By the end of 2005, the Bank opened further branches in Aktobe, Uralsk and Shymkent, locations considered by Management to be primary growth areas, and plans to convert its existing cash settlement office in Taldykorgan, which is considered to be a fast developing city, into a full-service branch.

The Bank is currently undergoing a rebranding exercise to standardise the Bank's brand across its branch network and to promote the Bank's new corporate image with current and prospective clients.

The aggregate lending limit for a single borrower of an individual branch is set by the Credit Committee and ranges from U.S.$150,000 to U.S.$350,000. The co-ordination and planning of the lending operations of the branches and controls of their lending activities are conducted by the Corporate Finance Department, which monitors the lending operations of the branches and is responsible for the development of branch lending policies and strategies.

Kazpost

Kazpost is a state-owned postal services company with a network of approximately 4,000 outlets throughout Kazakhstan. Although Kazpost has a limited licence to provide certain banking services, including deposit-taking and cash transfers, in connection with the provision of other banking products and services, it can only act as agent for institutions that have a comprehensive banking licence, such as the Bank. The Bank entered into a non-exclusive strategic partnership agreement with Kazpost in late 2004, allowing the Bank to provide retail lending and deposit taking services through Kazpost outlets. As at the date of this Prospectus, all of Kazpost's outlets offered the Bank's products and services. The Bank has set up a fully automated process throughout those outlets, allowing them to offer products both quickly (the loan approval procedure can be finalised within 30 minutes in some cases) and over a secure network. Kazpost takes commissions of 4.5 per cent. on retail loans and 1.0 per cent. on retail deposits, which are paid by the borrower and the Bank, respectively. Furthermore, when a loan is taken by a borrower through a Kazpost outlet, the borrower is required to authorise the Bank to automatically deduct amounts due to the Bank under the loan from the borrower's salary paid through a Kazpost outlet. The majority of public sector employees and (according to Management estimates) approximately 10 per cent. of private sector employees are paid through Kazpost outlets. The Kazpost network gives the Bank the opportunity to offer its products to customers in remote locations where it has no presence and also provides further cross-selling opportunities. From the establishment of this arrangement to 28 February 2006, Kazpost activity has generated approximately U.S.$88.3 million in terms of loans advanced through Kazpost outlets. During the year ended 28 February 2006, more than 55,000 Bank loans were distributed through the Kazpost network.

Alliance Retail, Alliance Finance, Dynasty and NefteGasDem

In February 2006, the Bank commenced offering "Express" loans through affiliated companies Alliance Retail and Alliance Finance, and the independent insurance broker, Dynasty. Management of the Bank currently control the boards of Alliance Finance and Alliance Retail, both companies being wholly-owned by Seimar. Management expects that Seimar will transfer the shares in both entities to the Bank during the course of 2006.

Currently Alliance Finance and Alliance Retail have a total of 200 brokers, although management expects the number of brokers to grow significantly in 2006, to a total of approximately 1,000. Dynasty currently has 800 brokers. Each broker, using a secure network, is able to lodge applications with the Bank for credit approvals based on the Bank's automated scoring model. See "*Lending Policies and Procedures — General*". Due to the highly automated nature of the Bank's scoring model and the fact that "express" loans are uncollateralised and thus require no security assessment, loans are approved on an expedited basis. NefteGasDem is one of fourteen Kazakhstan pension funds.

The Bank pays commission of 2.5 per cent. of the loan amount to Alliance Finance and Alliance Retail and of 1 per cent. of the loan amount to Dynasty and NefteGasDem. In addition, Dynasty has the option to increase the up-front fee payable by customers for arranging loans, although the interest, repayment and other terms of the loans are the same as other retail loan products offered by the Bank.

Other Partners

The Bank has agreements with a network of retail outlets, which offer on-site financing provided by the Bank. The network includes, amongst others, furniture and electrical goods stores as well as car dealerships. These products can be purchased on credit provided by the Bank. No commission is charged by such retail outlets.

Other Distribution Channels

In common with many other retail banks in Kazakhstan, customers of the Bank can use the ATM networks of other Kazakhstan banks for a nominal fee per withdrawal. The Bank intends to establish its own network of 250 ATMs by the end of 2006.

In addition to being able to use the ATM network as well as the Bank's VISA cards for payment to merchants participating in the VISA payment system, as at 1 March 2006, under arrangements between the Bank and third-party vendors, the Bank's customers are entitled to use the Bank's payment cards to pay for goods or services in 65 "trade-service outlets" and to withdraw cash in 78 "cash outlets", in each case operated by third-party vendors. By the end of 2006, the Bank intends to conclude additional arrangements with a view to expanding the network of "trade-service outlets" which the Bank's customers may use to 300.

As at 31 December 2005, the Bank's provision of Internet and telephone banking services was limited to a remote access, information-only service for corporate customers. The Bank is exploring ways of developing this system further to allow for a variety of banking services to become available to the Bank's customers over the Internet and fixed line and mobile telephone networks. Among other things, the Bank intends to offer its customers money transfer and utility bill payment services over the Internet and through ATMs, as well as cash deposit services through ATMs.

The Bank also takes advantage of cross-selling opportunities with JSC Alliance Leasing and JSC Alliance Policy Insurance Company (companies controlled by the same shareholders as the Bank). The Bank refers customers requiring leasing or insurance services to its sister companies in return for those companies referring customers requiring banking services to the Bank.

Competition

As at 31 December 2005, there were 33 commercial banks, excluding NBK, DBK and Housing Construction Savings Bank, licensed in Kazakhstan. The commercial banks in Kazakhstan are divided into four groups: large domestic banks, including JSC Kazkommertsbank, JSC Bank TuranAlem and JSC Halyk Bank; banks with foreign participation, such as ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Bank Kazakhstan; medium-sized domestic banks, such as the Bank, JSC ATF Bank, JSC Bank Caspian and JSC Bank CenterCredit; and small banks.

Although the Bank intends to expand its client base among large corporate clients, generally speaking, it does not compete with the leading Kazakhstan banks in this market segment. The Bank competes with banks of all levels (including the leading Kazakhstan banks) in the SME sector. In addition, the Bank competes with its peer group banks in the areas of corporate and retail deposits and lending. Management believes that the Bank's historical ties to the SME sector and long-term relationships in that sector, as well as its experienced management, transparent and consistent business practices and strong nationwide branch network, position it favourably in the Kazakhstan market to compete for business in the SME and retail banking sectors. The Bank's wide range of lending products, including some not offered by its peer group banks, its flexible approach to interest rates and its novel methods of reaching potential clients (such as Mobile Credit Committees and its distribution channels), give it a strong basis to compete for customers, despite the aggressive competition among Kazakhstan banks in relation to interest rates.

The following table compares certain financial information (prepared in accordance with Kazakhstan accounting practices and the regulations of the NBK) relating to the Bank and other leading banks operating in Kazakhstan as at 31 December 2005:

	As at 31 December 2005	
	Assets	Shareholders' Equity
	(KZT millions)	
Large Domestic Banks		
JSC Kazkommertsbank	1,131,763	74,047
JSC Bank TuranAlem	963,653	91,900
JSC Halyk Bank	558,535	60,275
Medium-sized Domestic Banks		
JSC ATF Bank	353,220	27,491
JSC Alliance Bank	336,928	29,208
JSC Bank CenterCredit	333,332	25,922
JSC Bank Caspian	150,092	12,786
Banks with Foreign Participation		
Citibank Kazakhstan	55,277	5,969
ABN AMRO Bank Kazakhstan	55,183	8,088
HSBC Bank Kazakhstan	35,775	4,075

Source: Published financial statements

In 2001, the Government and local executive bodies founded the DBK. The purpose of the DBK is to provide medium- and long-term financing for large (at least U.S.$5 million) industrial projects, export financing and guarantees for investment projects and to act as the principal paying and collection agent for the Government. The DBK is restricted from lending to financial institutions, taking deposits or opening bank accounts and, as such, is not considered a competitor of the Bank. The DBK has a special status and is regulated by the NBK only in relation to accounting matters and bank transfers. The DBK is not treated as a commercial bank for the purposes of market share and ranking computations in this Prospectus.

Technology

The Bank operates an integrated banking system and has a payment system which allows unified online interactive communication between the head office of the Bank and its branches through a real time wide area network. The Bank considers the upgrading of its information technology systems as an important aspect of its further development and plans to make additional investments in its computer and communication technology. In January 2006 the Bank approved the implementation of Infosys's Automated Banking Information System "Finacle", which it expects to roll out fully in 2007 and 2008. The Bank has budgeted KZT11,850 million for capital expenditure on technology through 2008.

In 2005, the Bank implemented a new system for processing credit card and ATM transactions, the aggregate cost of which was U.S.$0.8 million. In addition, in 2005, the Bank completed the implementation of a new integrated retail banking management system and upgraded the system to a more efficient RISC server platform, at the aggregate cost of U.S.$6 million.

The Bank's IT systems are equipped with international reputable and up-to-date anti-virus and security systems. The Bank's disaster recovery procedures comply with all national requirements. The Bank maintains two back-up servers situated in two different locations in Almaty and the back-up of data is carried out every 24 hours. In addition, on a weekly basis, data is recorded to magnetic tapes that are then transported for safe-keeping to a location in Astana and placed on two separate back-up servers. The Bank intends to establish further back-up servers in Astana and Pavlodar (which is considered to be a seismically safe zone) and has already purchased a building in Astana in which to build the back-up server.

Subsidiaries and Affiliates

ALB Finance B.V. ALB Finance is a wholly owned subsidiary of the Bank incorporated on 3 October 2005 under the laws of The Netherlands for the purpose of, amongst other things, raising funds in the international capital markets and lending such funds to the Bank. In November 2005, ALB finance issued U.S.$200 million 9 per cent. Notes due 2010 guaranteed by the Bank.

OJSC FinanceCreditBank KAB (Kyrgys Republic). In late 2005, the Bank established a wholly-owned subsidiary in the Kyrgyz Republic, OJSC FinanceCreditBank KAB, for the provision of cash settlement services to the Bank's clients who conduct business in both Kazakhstan and the Kyrgyz Republic.

As at the date of the Prospectus, the Bank had no other subsidiaries or affiliates.

Property

The Bank leases its head office in Almaty.

The Bank owns or leases the buildings used by its branches and cash settlement offices depending on the specific circumstances of different locations. At the date of this Prospectus, the Bank owns the premises in which eight of its branches and eight of its cash settlement offices are located and leases the premises where the remaining eight branches and forty-eight cash settlement offices are located.

Asset and Liability Management

Introduction

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

Risk Management

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

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

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

Liquidity and Interest Rate Risk Management

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

The following table summarises the Bank's consolidated assets and liabilities by maturity as at 31 December 2005:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined, including allowance for impairment losses	31 December 2005 Total (KZT millions)
ASSETS							
Cash and balances with the National Bank of Kazakhstan	33,006	—	—	—	—	—	33,006
Assets held-for trading	79,283	—	—	—	—	—	79,283
Loans and advances to banks, less allowance for impairment losses	9,671	274	237	—	—	—	10,182
Securities purchased under agreements to resell	572	3,466	—	—	—	—	4,038
Loans and advances to customers, less allowance for impairment losses	9,003	5,088	31,360	118,287	20,514	(5,596)	178,656
Investments available-for-sale	—	—	57	3,324	7,652	—	11,033
Investments held-to-maturity	—	—	417	46	—	—	463
Total interest bearing assets	131,535	8,828	32,071	121,657	28,166	(5,596)	316,661
Cash and balances with the NBRK	9,321	—	—	—	—	—	9,321
Precious metals	3	—	—	—	—	—	3
Overdue loans and advances to customers, less allowance for impairment losses	243	69	113	2,380	595	(1,959)	1,441
Investments available-for-sale	—	—	–	—	—	76	76
Fixed and intangible assets, less accumulated depreciation and amortization	—	—	—	—	—	2,181	2,181
Income tax assets	559	—	—	—	—	—	559
Other assets, less allowance for impairment losses	2,538	—	—	—	—	(22)	2,516
TOTAL ASSETS	**144,199**	**8,897**	**32,184**	**124,037**	**28,761**	**(5,320)**	**332,758**
LIABILITIES							
Due to the budget of the Republic of Kazakhstan	3	24	9	93	—	—	129
Deposits from the National Bank of the Republic of Kazakhstan	4,000	2,000	—	—	—	—	6,000
Loans and advances from banks	4,343	11,445	43,831	35,037	—	—	94,656
Securities sold under agreements to repurchase	6,261	—	—	—	—	—	6,261
Customer accounts	17,933	12,267	37,590	40,198	446	—	108,434
Debt securities issued	—	—	2,334	51,154	—	—	53,488
Subordinated debt	—	—	57	—	5,292	—	5,349
Total interest bearing liabilities	32,540	25,736	83,821	126,482	5,738	—	274,317
Customer accounts	29,520	—	—	—	—	—	29,520
Dividends payable	49	—	—	—	—	—	49
Other liabilities	664	—	—	—	—	176	840
TOTAL LIABILITIES	**62,773**	**25,736**	**83,821**	**126,482**	**5,738**	**176**	**304,726**
Liquidity gap	81,426	(16,839)	(51,637)	(2,445)	23,023		
Interest sensitivity gap	98,995	(16,908)	(51,750)	(4,825)	22,428		
Cumulative interest sensitivity gap	98,995	82,087	30,337	25,512	47,940		
Cumulative interest sensitivity gap as a percentage of total assets	29.7%	24.7%	9.1%	7.7%	14.4%		

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

In addition, the Bank's ability to discharge liabilities relies on its ability to realise an equivalent amount of assets within the same period of time. As is typical for Kazakhstan banks, although the Bank had a negative short-to-medium term maturity gap as at 31 December 2005, Management believes that the Bank's access to domestic and international funding will continue to allow it to meet its liquidity needs.

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

The Bank's liquidity management policy seeks to ensure that, even under adverse conditions, the Bank maintains sufficient funds available to meet its operational needs and to ensure compliance with NBK regulations. Liquidity risk arises in the general funding of the Bank's lending and investment activities. It includes the risk of increases in funding costs and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The principal objective of the Bank's interest rate risk management activities is to enhance profitability by limiting the effect of adverse interest rate movements and increasing net interest income by managing interest rate exposure. The Bank monitors its interest rate sensitivity by analysing the composition of its assets and liabilities and off-balance sheet financial instruments. The Bank believes that its sensitivity to interest rates is greatly reduced by its ability to adjust the interest rate under the majority of its loan agreements. See "*— Loan Portfolio — Loan portfolio structure by currencies*".

Interest rate sensitivity is the relationship between market interest rates and net interest income resulting from the periodic re-pricing of assets and liabilities. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on interest income.

Liquidity is centrally managed on a daily basis by the Treasury Department according to real-time requirements and forecasts for all the Bank's divisions and branches. All types of treasury operations are implemented within the limits established by the ALCO. In addition, the Board of Directors reviews the Bank's liquidity guidelines and strategy on a monthly basis, making any necessary adjustments. Liquidity risk management is based on the strict observance of the capital adequacy ratio limits of the NBK, the continuous monitoring of the structure of assets and liabilities, fund raising and placement on the interbank markets and strict compliance with reserve requirements imposed by the NBK and the Bank's internal policies.

The following table gives certain information as to the Bank's liquidity as at 31 December 2005, 2005 and 2003:

	As at 31 December		
	2005	2004	2003
		(per cent.)	
Loans (net)/assets	54	44	61
Loans (net)/total customer accounts	131	79	83
Loans (net)/equity	642	333	822
Liquid assets/total assets	41	49	13
Liquid assets(1)/total customer accounts	98	86	17

Note:

(1) Liquid assets include cash and balances with the NBK, precious metals, loans and advances to banks (with maturities of less than one month), assets held-for-trading and securities sold under repurchase agreements.

Foreign Currency Management

The Tenge has been subject to fluctuations against the U.S. Dollar. The Tenge depreciated against the U.S. Dollar by 4 per cent. in 2002, appreciated against the U.S. Dollar by 7.5 per cent. in 2003 and a further 9.9 per cent. in 2004 and depreciated against the U.S. Dollar by 2.9 per cent. in 2005. The ALCO monitors the net open foreign currency position in relation to the prevailing market conditions and outlook and advises on the Bank's position and implements the Bank's strategy accordingly. The Bank's long position is within the limits set by the NBK.

Regulation and monitoring of the net foreign currency positions of banks is carried out by the NBK. According to current FMSA regulations, the ratio of a bank's net open foreign currency position to its own capital must not exceed 30 per cent. and the open foreign currency position for any currency of a country rated "A" by Standard and Poor's Rating Services, a division of McGraw Hill Companies ("S&P") (or the equivalent from other rating agencies) or higher, or the Euro must not exceed 15 per cent. of its own capital. The open long and short position for any currency of a country rated below "A" by S&P (or the equivalent from other rating agencies) is limited to 5 per cent. of own capital. See "— *Capital Adequacy and Other Ratios*".

The following table shows the net foreign currency position of the Bank as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
Net open long (short) position (millions of Tenge)	2,912	2,750	(3,013)
Net position as a percentage of own capital	10%	17%	(81%)
Net position as a percentage of foreign currency liabilities	2%	11%	(17%)

Securities risks

Securities risks are divided into country risk, issuer risk and portfolio risk. The Bank's Treasury Department sets country limits using a rating scale and the classifications approved by international rating agencies. The Treasury Department manages issuer risk by establishing limits on exposure to particular issuers based on the Bank's counter-party's financial performance and ratings from international rating agencies.

Trading and Investment Securities Portfolio

The Bank structures its securities portfolio based on a number of factors, including the liquidity, diversification and yield-to-maturity of the securities held by it. During 2005, the Management of the Bank determined to diversify its securities portfolio to manage its exposure to the NBK and the Government of Kazakhstan, which had historically comprised up to 90 per cent. of the Bank's assets held for trading. Currently, the Bank's policy is to maintain Government securities of not less than 30 per cent., corporates of not more than 30 per cent. and securities of foreign issuers (predominately US Treasury bills) of not more than 60 per cent.

The following table shows the composition of securities held by the Bank as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	**2004**	**2003**
Assets held-for-trading	79,283	31,324	1,564
Investments available-for-sale	11,109	5,467	4,904
Investments held-to-maturity	463	1,260	6,884
Investments in associated companies	—	—	50
Total	**90,855**	**38,051**	**13,402**

The Bank's total securities portfolio increased by 184 per cent. from KZT13,402 million as at 31 December 2003 to KZT38,051 million as at 31 December 2004 and by a further 139 per cent. to KZT90,855 million as at 31 December 2005.

The Bank's assets held-for-trading comprise notes issued by the NBK, US Treasury bills, bonds issued by the Ministry of Finance of the Republic of Kazakhstan and other Kazakhstan governmental and corporate issuers. As at 31 December 2005, US Treasury bills comprised 46.5 per cent. of the assets held-for-trading portfolio, notes issued by the NBK comprised 29.5 per cent. and bonds issued by the Ministry of Finance of the Republic of Kazakhstan constituted 7.8 per cent. This composition as at 31 December 2005 represented a significant revision of the Bank's portfolio, which had historically been constituted almost entirely by notes issued by the NBK and bonds issued by the Ministry of Finance.

The assets held-for-trading portfolio increased by KZT29,760 million from KZT1,564 million as at 31 December 2003 to KZT31,324 million as at 31 December 2004 and by a further KZT47,959 million from 31 December 2004 to KZT79,283 million as at 31 December 2005. This increase was mainly due to the fact that the Bank had undistributed funds from its capital market and syndicated loan funding activities at the end of the year, which it applied at that time to purchase additional assets held-for-trading. In addition, as part of its liquidity management programme, the Bank maintains a certain percentage of assets as liquid assets and, as the total assets of the Bank grew considerably in 2005, the Bank increased the volume of its liquid assets to balance its asset portfolio.

The Bank's investments available-for-sale comprise mostly bonds of the Ministry of Finance of the Republic of Kazakhstan, Eurobonds issued by the Republic of Kazakhstan and other governmental and private Kazakhstan entities. As at 31 December 2005, debt investments available-for-sale issued by Kazakhstan corporates comprised principally securities issued by private companies in the financial sector (20 per cent. of the Bank's total holding of private corporate debt securities included in investments available-for-sale). As at 31 December 2005, the Bank's available-for-sale investments also included small equity investments of KZT76 million in Kazakhstan banks and corporates, including shares of the KASE, JSC National Processing Centre (a Kazakhstan company established to develop the interbank payment card system through the provision of services and the performance of operations connected with the processing of payment card transactions), First Credit Bureau LLP (a Kazakhstan company established by a number of Kazakhstan banks in order to set up and process individual borrower's credit information), JSC Alliance Capital FK and JSC Alliance Policy.

As at 31 December 2005, investments held-to-maturity comprised bonds of the Ministry of Finance of the Republic of Kazakhstan and Astana municipal bonds, for the aggregate principal amount of KZT463 million. The 63.2 per cent. decrease in investments held-to-maturity as at 31 December 2005 compared to 31 December 2004 was largely due to a number of such securities maturing in 2005.

Funding

Introduction

Historically, the Bank's principal source of funding was domestic customer deposits. However in 2005, borrowings from international and domestic banks and the issue of debt securities in domestic and international markets played an increasingly significant role in meeting the Bank's funding needs. Management of the Bank believes that syndicated borrowings and issues of debt securities (including regulatory capital issues) will become an increasingly more important source of funding for the Bank as the demand for loans continues to exceed the rate at which the Bank has been able to attract further deposits at such rates. The following table sets out the Bank's sources of funds as at 31 December 2005, 2004 and 2003:

	As at 31 December					
	2005		2004		2003	
	(KZT millions)	*(per cent.)*	*(KZT millions)*	*(per cent.)*	*(KZT millions)*	*(per cent.)*
Customer accounts	137,954	45	67,454	65	36,885	79
Deposits from banks (including NBK)	100,656	33	13,463	13	4,931	11
Securities sold under agreements to repurchase	6,261	2	16,592	16	1,131	2
Subordinated debt	5,349	2	3,873	4	2,687	6
Debt securities issued	53,488	18	1,999	2	296	1
Other liabilities	1,018	0	491	0	614	1
Total liabilities	**304,726**	**100**	**103,872**	**100**	**46,544**	**100**

Customer deposits

As at 31 December 2005, the total customer accounts of the Bank were KZT137,954 million, deposited in over 262,405 accounts (including current accounts). The Bank's share of the total deposit market in Kazakhstan (retail and corporate) was approximately 6.4 per cent. as at 31 December 2005, according to an analysis by Management of financial information published by Kazakhstan banks. 32 per cent. of the Bank's non-capital funding base is represented by corporate customer accounts, which Management believes are relatively insensitive to short-term fluctuations in market rates of interest.

In 2005, the Bank increased its retail funding base, which continues to be an important source of funding for the Bank. Retail funding is less susceptible to volatility in demand than corporate funding, although it is more costly for the Bank.

As at 31 December 2005, the Bank's ten largest depositors accounted for 16 per cent. of total liabilities, compared to 21 per cent. as at 31 December 2004 and 29 per cent. as at 31 December 2003. As at 31 December 2005, the Bank's two largest depositors accounted for 10 per cent. of total deposits compared to 12 per cent. as at 31 December 2004 and 16 per cent. as at 31 December 2003.

As at 31 December 2005, time deposits were KZT100,347 million and comprised 73 per cent. of total customer accounts, compared to 73 per cent. of total customer accounts as at 31 December 2004 and 77 per cent. as at 31 December 2003.

The following table sets out the composition of the Bank's deposits by type of customer as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(KZT millions)	
Banks (including short-term loans)	94,656	9,463	3,931
Customers (including interest expense)	137,954	67,454	36,885
Total	**232,610**	**76,917**	**40,816**

The following table shows the breakdown of deposits from other banks as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(KZT millions)	
Correspondent accounts of other banks	121	13	300
Short-term loans and advances from banks	63,757	9,353	3,567
Long-term loans and advances from banks	30,351	24	32
Accrued interest expense	427	73	32
Total loans and advances from banks	**94,656**	**9,463**	**3,931**

The following table sets forth details of customer accounts as at 31 December 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(KZT millions)	
Time deposits	100,347	49,451	28,376
Repayable on demand	29,852	14,427	5,489
Guarantee deposits	6,522	3,052	2,408
Accrued interest expense on customer accounts	1,233	524	612
Total customer accounts	**137,954**	**67,454**	**36,885**

The following table sets out the customer accounts of the Bank by industry sector as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(KZT millions)	
Private sector	40,199	21,226	11,636
Finance services	29,831	10,026	11,962
Other services	16,318	5,896	—
Metallurgy	13,488	440	869
Trade	12,967	7,457	318
Agriculture	5,295	6,056	1,449
Transport and communication	4,622	5,254	5,570
State administration	4,405	4,407	0
Construction	4,312	2,114	1,676
Real estate	1,825	41	13
Arts	1,081	—	—
Energy	552	—	—
Education	467	433	826
Consumer production	382	547	—
Food production	303	207	491
Machinery	198	58	—
Hotel business	77	—	—
Health care and social services	41	28	550
Chemical industry	1	149	—
Fuel	—	1,726	3
Other	357	865	910
Accrued interest expense on customers accounts	1,233	524	612
Total customer accounts	**137,954**	**67,454**	**36,885**

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

The following table sets out the weighted average interest rates on the Bank's deposits as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(per cent.)	
KZT deposits			
Time deposits	8.1	8.8	10.1
Demand deposits	0	2.0	1.8
Foreign currency deposits			
Time deposits	6.2	7.4	8.3
Demand deposits	0	1.0	0.5

As at 31 December 2005, approximately 48.2 per cent. of the Bank's retail deposit portfolio and 99.4 per cent. of the total number of retail accounts held with the Bank (including current accounts) were covered by the Kazakhstan Deposit Insurance Fund. See "*The Banking Sector in Kazakhstan*".

Foreign Currency Bank Borrowings

Over the course of the past few years, the Bank has entered into a number of financings with foreign banks and other financial institutions:

In 22 November 2002, the Bank raised its first syndicated loan in the amount of U.S.$6 million from leading Russian banks, arranged by Renaissance Capital. The loan was fully repaid in May 2003.

In December 2003, the Bank raised a syndicated loan in the amount of U.S.$10 million for gold pre-export financing from western banks (including Bayerische Hypo- und Vereinsbank AG, Raiffeisen Zentralbank Österreich AG), arranged by Standard Bank London Ltd. The facility was fully repaid prior to its maturity in September 2004.

In November 2004, the Bank raised a syndicated loan in the amount of U.S.$23.5 million for the Bank's clients' export and import contracts financing from Western and Asian banks (including Bank Gesellschaft Berlin AG, Bank of Montreal, Bank of Overseas Chinese), arranged by Standard Bank London Ltd and Raiffeisen Zentralbank Österreich AG. The facility was fully repaid in May 2005.

In May 2005, the Bank entered into a one year loan facility agreement with a syndicate of international banks led by Citibank, N.A., London branch, and ING Bank N.V., pursuant to which the Bank was entitled to draw down loans up to the aggregate amount of U.S.$80 million to finance loans by the Bank to certain of its customers pursuant to current trade related loan contracts entered into for the purpose of funding such customers' contracts (the "Citibank/ING Facility"). The Citibank/ING Facility was drawn down in full in May 2005. The outstanding principal balance under the Citibank/ING Facility bears interest at an annual rate of 6 month LIBOR plus 2.2 per cent. The Citibank/ING Facility may be extended at the option of the Bank for a further one-year period. As at 28 February 2006, the outstanding principal amount under the Citibank/ING Facility was U.S.$80 million.

On 7 November 2005, the Bank entered into an unsecured loan facility agreement in an aggregate amount of U.S.$170 million with a syndicate of foreign banks led by Deutsche Bank AG, London Branch and ING Bank N.V. (the "Deutsche/ING Facility"), pursuant to which the Bank has drawn a tranche "A" loan in the amount of U.S.$119 million and a tranche "B" loan in the amount of U.S.$51 million, in each case, for the purpose of financing export and import contracts entered into by the Bank's clients. The tranche "A" loan has a term of one year and the tranche "B" loan has a term of two years, in each case subject to an extension at the request of the Bank for a further one year term. The tranche "A" loan bears interest on its outstanding principal balance at the annual rate of LIBOR plus 1.8 per cent. and the tranche "B" loan bears interest on its outstanding principal balance at the annual rate of LIBOR plus 2.25 per cent. The Bank may pre-pay loans drawn under the Deutsche/ING Facility at any time in full or in part. The Bank drew down the full amount under the Deutsche/ING Facility on 10 November 2005. As at 28 February 2006, the aggregate outstanding principal balance under the Deutsche/ING Facility was U.S.$170 million.

On 28 December 2005 and 13 January 2006, the Bank entered into bilateral KZT loan facility agreements with Morgan Stanley & Co. International Limited, pursuant to which the Bank was entitled to draw down loans up to the aggregate amount of KZT30 billion (the "Morgan Stanley Facilities"), each bearing interest at an annual rate of 9.55 per cent. and having terms of 18 months. As at 28 February 2006, the aggregate outstanding principal amount under the Morgan Stanley Facilities was KZT 30 billion.

On 17 February 2006, the Bank entered into a credit agreement in an aggregate amount of U.S.$24,302,100 with The Bank of Nova Scotia, Toronto, Canada (the "Bank of Nova Scotia Facility"), pursuant to which the Bank has drawn a tranche "A" loan in the amount of U.S.$20,762,100 and a tranche "B" loan in the amount of U.S.$3,540,000. The tranche "A" loan has a term of seven years and the tranche "B" loan has a term of three years. The tranche "A" loan bears interest on its outstanding principal balance at the semi-annual rate of six month LIBOR plus one and a half per cent. and the tranche "B" loan bears interest on its outstanding principal balance at the semi-annual rate of six month LIBOR plus two per cent. As at 13 April 2006, the outstanding principal amount under the Bank of Nova Scotia Facility was U.S.$24,302,100.

On 31 March 2006, the Bank entered into a loan facility agreement with HSBC Bank Plc, London, pursuant to which the Bank was entitled to draw down loan up to the aggregate amount of €42 million (the "HSBC Facility"), bearing interest at a semi-annual rate of 6 month EURIBOR plus three per cent. and having a term of two years. As at 13 April 2006, the outstanding principal amount under the HSBC Facility was €42 million.

In addition, as at 28 February 2006, the Bank had U.S.$187 million of outstanding indebtedness and was entitled to draw-down up to a further U.S.$113.4 million under trade finance facilities with maturities of up to a year with a number of international banks, including ING Bank N.V., RZB, UBS, Swedbank, Nordea Bank, IDB, BGB, Commerzbank AG, HVB, Bank Austria, Bank of Montreal and KBC Bank. Management believes that it will be able to meet its repayment obligations under these facilities through an increase in borrowings, including the issue of the Notes, and by increasing the aggregate amount of its time deposits.

EBRD's Established Programmes

On 27 December 2005, the EBRD granted a U.S.$10 million trade finance programme line to the Bank. The trade finance programme provides credit facilities in the form of EBRD guarantees issued in favour of international commercial banks, covering the risk of issuing banks in the region.

On 26 January 2006, the Bank and the EBRD signed a loan agreement for U.S.$5 million under the U.S.$100 million third phase of the Kazakhstan Small Business Programme ("KSBP III"). KSBP III addresses financing needs of micro and small enterprises in Kazakhstan with a focus on rural areas and agricultural loans. KSBP III is a part of the EBRD's small business programme, which has provided over U.S.$640 million to support small businesses through over 55 financial institutions in its countries of operation.

On 9 March 2006, the EBRD granted an additional U.S.$10 million loan to the Bank for on-lending to SMEs. The loan provides the Bank with long-term finance and supports its efforts to serve privately owned businesses with fewer than 150 employees by offering loans of between U.S.$200,000 and U.S.$750,000. At least 30 per cent of this facility is intended for on-lending to companies outside the financial capital, Almaty.

On 9 March 2006, the Bank became the seventh Kazakhstan bank to join the EBRD's grain receipts programme, which is leading to increased competition among local banks serving this market segment. The Bank will receive a credit line of U.S.$5 million under this programme.

Domestic and International Bonds

In October 2004, the Bank issued a third tranche of subordinated domestic bonds with an aggregate principal amount of KZT3 billion, which were fully placed by 31 March 2005.

In April 2005, the Bank registered its domestic bond programme (the "2005 Domestic Bond Programme") with the NBK. Under the 2005 Domestic Bond Programme, the Bank is entitled to, at any time, subject only to further registration with the NBK (which requires specific NBK approval and generally takes approximately one month), issue and place up to an outstanding aggregate principal amount not exceeding KZT40 billion in domestic unsecured and/or asset-backed bonds. In April 2005, the Bank registered KZT5 billion in aggregate principal amount of senior unsecured bonds due 2008 under the 2005 Domestic Bond Programme, which were fully placed by August 2005. The bonds have been listed in the top "A" category on the KASE. In August 2005, the Bank registered under the 2005 Domestic Bond Programme a further aggregate principal amount of KZT1 billion of bonds secured on the right of the Bank to receive payments of principal and interest under its residential mortgages. In addition, the Bank intends to register and place a further aggregate principal amount of KZT5 billion in senior unsecured bonds.

On 27 June 2005, the Bank issued its U.S.$150 million 9 per cent. Eurobonds due 2008. The Eurobonds were issued pursuant to Regulations S under the Securities Act. J.P. Morgan Securities Ltd. and HSBC Bank plc acted as joint lead managers for the transaction.

On 22 November 2005, ALB Finance issued U.S. $200 million 9 per cent. Notes due 2010 guaranteed by the Bank. The Eurobonds were issued pursuant to Regulation S under the Securities Act. ABN AMRO Bank N.V. and Citigroup Global Markets Limited acted as joint lead managers for the transaction.

Issuance of the Securities

The issuance of Securities and of notes under the Programme are several of the steps being taken by Management in an effort to diversify and extend the maturity of the Bank's funding sources. In addition, the Bank may, from time to time, look at a variety of other funding sources outside the Programme, including, but not limited to, regulatory capital issues and accessing the syndicated bank markets.

Issuance and Placement of Shares

In May 2003, the Bank authorised a third issue of ordinary shares totalling 200,000 shares, with an aggregate nominal value of KZT2 billion, followed by a fourth issue of shares in September 2004 totalling a further 300,000 shares (KZT3 billion), of which 250,000 were designated ordinary shares and 50,000 were designated preference shares. As at 31 December 2004, following an increase in the authorised share capital totalling 2,100,000 shares with an aggregate nominal value of KZT21 billion, the authorised share capital of the Bank amounted to KZT28 billion, of which KZT500 million were preference shares and KZT27.5 billion were ordinary shares. The new shares, the fifth issue of common shares, were placed with shareholders between December 2004 and February 2006. As at 31 December 2005, 2,440,715 ordinary shares were issued and fully paid and 50,000 preference shares were issued and fully paid (although 740 preference shares were repurchased as at 31 December 2005). As at 28 February 2006, all of the Bank's remaining KZT3,092 of ordinary shares were fully placed among its shareholders.

Although the Bank has a relatively high capitalisation at the date of this Prospectus, the Bank intends to use a portion of its capital and the proceeds of future share placements to finance further growth.

Treasury Operations

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

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

Capital Adequacy and Other Ratios

The following table sets out certain ratios calculated in accordance with the requirements of the NBK as at 31 December 2005, 2004 and 2003 regarding capital adequacy, foreign exchange positions, maximum exposures and certain other matters:

		As at 31 December		
	FMSA's minimum requirements	**2005**	**2004**	**2003**
Minimum Share Capital (KZT)[1]	Not less than KZT2,000 million[2]	KZT24,900 million	KZT14,989 million	KZT3,575 million
K1 – tier I capital to total assets	Not less than 6 per cent.	8 per cent.	13 per cent.	7 per cent.
K2 – own capital to total assets weighted for risk[2]	Not less than 12 per cent.	15 per cent.	33 per cent.	18 per cent.
K4 – Current Liquidity ratio	Greater than 30 per cent.	287 per cent.	109 per cent.	141 per cent.
K5 – Short-term Liquidity Ratio	Greater than 50 per cent.	103 per cent.	103 per cent.	109 per cent.
Reserves with the NBK and cash[3]	A monthly average of 6 per cent. of deposits with a maturity of less than three months	KZT12,395 thousand	KZT5,609 thousand	KZT969 thousand
K6 – investments in fixed assets and non-financial assets to own capital	Not greater than 50 per cent. of bank's own capital	18 per cent.	6 per cent.	13 per cent.
Maximum aggregate net open foreign currency position[4]	30 per cent. of bank's own capital	3.2 per cent.	2.3 per cent.	(6.7) per cent.
Maximum open (short or long) position in currencies of countries rated "A" or higher and the Euro	15 per cent. of bank's own capital in 2003 and 2004.	(1.2) per cent.	(2.2) per cent.	(7.1) per cent.
Maximum open position in currencies of countries rated below "A"	15 per cent. of bank's own capital	4.9 per cent.	0.0 per cent.	0.4 per cent.
Maximum exposure to any single borrower	Percentage of bank's own capital			
– related parties	Not greater than 10 per cent.	4 per cent.	1 per cent.	1 per cent.
– other borrowers	Not greater than 25 per cent.	22 per cent.	10 per cent.	20 per cent.
– on unsecured loans	Not greater than 10 per cent.	3 per cent.	4 per cent.	1 per cent.

Notes:

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

(2) The 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 part of Tier I capital aimed to cover market risk) less equity investments. Tier I capital is the sum of share capital plus share premium plus retained earnings less intangible assets, and, starting from 22 November 2005, qualified long-term less debt obligations or Tier I subordinated debt in an amount not exceeding 15 per cent. of Tier I capital. Tier II capital is the sum of current profit for the period plus revaluation reserves plus general provisions (to the extent that they do not exceed 1.25 per cent. of risk-weighted assets) plus Tier II subordinated debt (but no more than 50 per cent. of Tier 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 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-weighted before) have to be taken into account when calculating the K2 ratio.

(3) Ratio of actual reserves to reserve liabilities. From 1 October 2005, reserve requirements have been calculated as a percentage of internal liabilities of the bank (basically, average customer account balances) plus the positive difference, if any, between the amount of external liabilities and the amount of external reserve assets of the bank. External liabilities include liabilities to international financial organisations, special purpose deposits of subsidiaries, debt security liabilities and subordinated debts. External reserve assets include hard currency and certain other assets abroad. The percentage stays unchanged at 6.0 per cent.

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

The following table gives certain information regarding the Bank's Tier I and Tier II capital and its risk weighted capital adequacy ratio based on methodology established by the Bank for International Settlements as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(KZT millons)	
Tier I capital	27,336	15,877	3,654
Tier II capital	5,491	3,985	1,903
Gross Tier I and Tier II capital	32,827	19,862	5,557
Less investments	(76)	(48)	(239)
Tier I capital and Tier II	32,751	19,814	5,318
Total risk weighted assets	245,858	73,224	35,964
Tier I capital adequacy ratio	11.12 per cent.	21.68 per cent.	10.16 per cent.
Total risk weighted capital adequacy ratio	13.32 per cent.	27.06 per cent.	14.79 per cent.

As at 31 December 2005, the Bank had a Tier I capital ratio (comprising Tier I capital divided by total risk weighted assets) of 11.12 per cent. and a risk weighted capital adequacy ratio (comprising Tier I + Tier II capital less investments in unconsolidated banking and financial companies divided by total risk weighted assets) of 13.32 per cent.

At the meeting of the shareholders of the Bank in February 2005, a capitalisation programme was approved for the years 2005 to 2007 relating to plans to increase the Bank's capitalisation by U.S.$100 million per annum through the placement of shares and the capitalisation of retained earnings.

Loan Portfolio

Introduction

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

The following table sets out the composition of the Bank's loans and contingent liability exposure as at 31 December 2005, 2004 and 2003:

	As at 31 December		
	2005	2004	2003
		(KZT millions)	
Loans			
Loans and advances to customers (gross)	187,652	55,915	32,301
Allowance for impairment losses	(7,555)	(2,606)	(1,631)
Loans and advances to customers, net	180,097	53,309	30,670
Contingent Liabilities			
Guarantees	35,255	4,445	1,772
Letters of credit	5,350	694	60
Allowances for impairment losses	(176)	(46)	(20)
Total contingent liabilities, net	40,429	5,093	1,812
Total loans (gross) and contingent liabilities (net)	**228,081**	**61,008**	**34,113**

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 74 per cent. from KZT30,670 million as at 31 December 2003 to KZT53,309 million as at 31 December 2004 and by a further 238 per cent. from 31 December 2004 to KZT180,097 million as at 31 December 2005.

As at 31 December 2005, the top 10 largest borrowers comprised 18 per cent. of the Bank's gross loan portfolio, compared to 18.5 per cent. as at 31 December 2004 and 23.7 per cent. as at 31 December 2003.

Loan Portfolio Structure by Sector

The Bank's Credit Committee sets limits on the Bank's total exposure to economic sectors as a percentage of the Bank's net loan portfolio, based upon its review of macro-economic data prepared by the Corporate Finance Department. Current limits include maximum exposures to wholesale trade companies of 19.5 per cent., to the construction sector of 11 per cent. and to service companies of 18 per cent., in each case, as a percentage of the Bank's total net loan portfolio. The Bank also limits its exposure to high risk sectors of the economy, including the agriculture and transport industry.

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

	As at 31 December					
	2005		2004		2003	
	(KZT million)	*(per cent.)*	*(KZT million)*	*(per cent.)*	*(KZT million)*	*(per cent.)*
Consumer loans	50,366	26.6	9,292	16.6	2,844	8.8
Wholesale	35,466	18.8	11,068	19.8	8,746	27.1
Construction	19,744	10.4	7,877	14.1	2,244	6.9
Transportation	14,960	7.9	1,865	3.3	922	2.9
Real estate operations	13,717	7.3	3,038	5.4	1,644	5.1
Population related services	12,710	6.7	3,467	6.2	2,122	6.6
Paper manufacturing	7,311	3.9	1,333	2.4	1,546	4.8
Retail	5,113	2.7	1,456	2.6	1,386	4.3
Agriculture	3,865	2.0	2,148	3.8	1,720	5.3
Finance services	3,686	1.9	2,980	5.3	1,040	3.2
Food	3,271	1.7	2,269	4.1	2,030	6.3
Financial leasing	2,863	1.5	25	0.0	—	—
Coal mining	1,877	1.0	1,990	3.6	875	2.7
Publications	1,218	0.6	71	0.1	357	1.1
Production of metal goods	1,105	0.6	334	0.6	145	0.4
Heavy industry	1,074	0.6	271	0.5	736	2.3
Entertainment and recreational activities	1,066	0.6	1,082	1.9	345	1.1
Chemical industry	1,059	0.6	740	1.3	629	1.9
Mail and Communications	608	0.3	110	0.2	546	1.7
Services related to oil and gas extraction	423	0.2	16	0.0	148	0.5
Metallurgy industry	5	0.0	29	0.1	156	0.5
Other	3,202	1.7	3,215	5.7	1,458	4.5
Accrued interest	4,420	2.3	1,239	2.2	662	2.0
Total	**189,129**(1)	**100**	**55,915**	**100**	**32,301**	**100**

(1) Before deduction of commissions prepayment of KZT1,477 million

Consumer loans increased by 227 per cent. from KZT2,844 million as at 31 December 2003 to KZT9,292 million as at 31 December 2004 and by a further 442 per cent. from KZT9,292 million as at 31 December 2004 to KZT50,366 million as at 31 December 2005. Loans to wholesale trade companies increased by 27 per cent. from KZT8,746 million as at 31 December 2003 to KZT11,068 million as at 31 December 2004 and by a further 220 per cent. from KZT11,068 million as at 31 December 2004 to KZT35,466 million as at 31 December 2005. Loans to construction companies increased from 7 per cent. of the Bank's total loan portfolio as at 31 December 2003 to 14 per cent. as at 31 December 2004 and 10 per cent. as at 31 December 2005, reflecting the overall increase in the total amount of the Bank's loans by 151 per cent. from 31 December 2004 to 31 December 2005. Loans to the retail and housing sector included approximately KZT10,577 million of mortgage loans as at 31 December 2005.

Whilst companies providing population related services (including companies involved in industries such as the education, health, automotive and hospitality services), real estate operations, finance and transportation services are not major borrowers of the Bank, lending to these sectors increased overall by 297 per cent. in 2005, as compared to 2004 with combined borrowings from these sectors of KZT45,073 million as at 31 December 2005 compared to KZT11,350 million and KZT5,728 million as at 31 December 2004 and 2003, respectively. As at 31 December 2005, companies in the mining sector decreased their borrowings from the Bank by 6 per cent. as compared to 31 December 2004, and overall the sector represented only 1 per cent. of the Bank's total loan portfolio as at 31 December 2005, compared to 4 per cent. as at 31 December 2004 and 3 per cent. as at 31 December 2003. Lending to paper manufacturing companies increased by

448 per cent. from KZT1,333 million as at 31 December 2004 to KZT7,311 million as at 31 December 2005 after decreasing slightly between 2003 and 2004.

In line with the Bank's lending policy, the Bank decreased its exposure (as a percentage of its total portfolio) to companies operating within the food industry and agriculture sector, from 12 per cent. of the Bank's total loan portfolio as at 31 December 2003 to 8 per cent. as at 31 December 2004 and 4 per cent. as at 31 December 2005. The Bank believes this sector, which is predominantly exposed to domestic economy and cross-border competition, is the most sensitive to any negative change in the domestic and regional economic environment.

As at 31 December 2005 and 2004, the Bank had loans totalling KZT128,444 million and KZT40,899 million, respectively, which originated in Almaty. These loans represented 68 per cent. of the total loan portfolio as at 31 December 2005, compared to 73 per cent. and 80 per cent. as at year end 2004 and 2003, indicating that the Bank is becoming less dependent on Almaty and is succeeding in expanding its lending base in other areas of Kazakhstan.

Loan Portfolio Structure by Currencies

The level of Tenge denominated loans has increased to 50 per cent. of the Bank's loan portfolio as at 31 December 2005 compared to 61 per cent. as at 31 December 2004 and 73 per cent. as at 31 December 2003. Tenge denominated loans generally have a shorter-term maturity profile and usually contain provisions that allow the Bank to increase interest rates or demand early repayment in the event of a devaluation of the Tenge.

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

	As at 31 December					
	2005		2004		2003	
	(KZT million)	*(per cent.)*	*(KZT million)*	*(per cent.)*	*(KZT million)*	*(per cent.)*
Tenge	94,213	50	34,180	61	22,964	73
U.S. Dollars	90,654	48	20,287	36	8,624	27
Euro	2,785	2	1,448	3	51	—
Total[(1)]	**187,652**	**100**	**55,915**	**100**	**31,639**	**100**

Note:

(1) Including accrued interest income

Loans and Advances to Banks

As at 31 December 2005, net loans and advances to banks were KZT10,182 million, compared to KZT892 million as at 31 December 2004 and KZT2,242 million as at 31 December 2003. At the same time, net loans and advances to banks as a percentage of total assets increased to 3.1 per cent. as at 31 December 2005, compared to 0.7 per cent. as at 31 December 2004 and 4.5 per cent. as at 31 December 2003. In general, for the years ended 31 December 2005, 2004 and 2003, loans and advances to banks were represented by short-term U.S. Dollar deposits placed for liquidity management. The Bank undertakes a conservative approach in its funding activities through deposits. Funds are usually placed for a short-term period with a maximum limit on the amount deposited, unless such loans are backed by state securities or cash deposits.

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. NBK regulations limit the exposure to any single borrower or group of borrowers to 10 per cent. of a bank's equity for parties related to the bank and to 25 per cent. of a bank's equity for parties not related to the bank. The Bank's own credit approval process is based on NBK regulations and its own internal procedures are established by the Management Board and the Board of Directors.

The Bank has established the General Credit Committee, the Small Credit Committee and the Retail Credit Committee, to approve loans to be extended by the Bank depending on the type of the borrower.

The General Credit Committee is responsible for the implementation of the Bank's credit policy and for approving the terms of credit facilities and/or guarantees extended by the Bank (including its branches) to large corporate customers for amounts exceeding U.S.$1,000,000. The Board of Directors is responsible for approving loans for amounts of up to 25 per cent. of the Bank's capital, which is the maximum exposure per client. The Small Credit Committee is responsible for approving the terms of credit facilities and/or guarantees extended by the Bank (including its branches) to SMEs and corporate customers for amounts of up to U.S.$1 million.

Within each branch, credit decisions for loans below the credit level set for that branch are approved by the credit committee within the branch. The levels for each branch are set by the Credit Committee and range from U.S.$100,000 to U.S.$350,000 aggregate exposure per client (U.S.$1 million for Almaty and Astana). The monitoring unit of the Corporate Finance Department, which reports to the Credit Committee monitors loans approved by individual branches. Individual branch lending limits can be increased up to the maximum limit approved for branches, or revoked, depending on the quality of the loan portfolio of the branch, and the credit quality of the branch's borrowers, as well as the individual branch's compliance with the Bank's credit policies. Lending limits are reviewed on a quarterly basis.

All applications for credit by corporate and retail customers must be submitted to the Bank on its standard forms. The relevant branch conducts an initial compliance review of each application. After such review, depending on the type of the borrower and the credit, the application is sent for review and analysis by the SME Business Department for loans of up to U.S.$1 million or by the Corporate Finance Department for loans exceeding U.S.$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 prepares a credit dossier based upon the results of such analysis. If applicable, the relevant credit department obtains references on the potential borrower from third parties, including other banks and various governmental authorities, such as taxation bodies, the NBK and the Interior Ministry. If the loan is to be collateralised, the Bank makes an appraisal of the collateral being offered, including as to valuation, legality and enforceability. The Bank also employs independent legal advisers to review the loan agreements and other legal documentation involved in the lending process. The Bank's approval policies are based, in part, on EBRD guidelines for SME financing.

In relation to retail loans, individual branch credit committees are authorised to approve applications by individuals that do not exceed the limits established by the Retail Credit Committee. The lending limits, ranging from U.S.$20,000 to U.S.$100,000 are established by the branch and are dependent on the collateral type. The Retail Credit Committee is mainly responsible for the approval and revision of conditions on the provision of retail products, the establishment of separate lending conditions on certain loans, the approval of lending limits on retail lending products for the Bank's branches and the extension of retail loans exceeding established lending limits for the Bank's branches.

The Bank has also established Mobile Credit Committees to be able to give SME customers in remote areas a preliminary decision in relation to loan applications. These officers are authorised to assess potential customers' credit and provide provisional assessments of applications. Customers are still required to provide the requisite documentation to the credit committee of their closest branch in order to satisfy the Bank's internal requirements.

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.

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

The scoring model is based on the following criteria:

- social demographic characteristics (age, job, position and marital status, etc);
- the history of any relationship with the Bank (credit use and timelines of repayment, etc); and
- information obtained from databases of the State Pension Payment Centre ("SPPC") and tax authorities.

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

Maturity Limit

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

Nature of the Loan	Maximum Maturity
Financing of working capital	Up to 48 months
Consumer credit to individuals	Up to 7 years
Loans to employees	Up to 5 years
Payroll	Up to 1 month
Investments	Up to 7 years
Inter-bank credit:	
Short-term	Overnight
	Up to 1 month
	Up to 1 year
Long-term	Above 1 year
Mortgage loans	Up to 20 years
Leasing	Up to 7 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 and industrial goods and inventories, as well as cash deposits, domestic securities and personal, corporate and financial institution guarantees. The Bank regularly monitors the quality of the collateral taken as security.

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

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

Collateral Categories	Loan/Collateral Value
Cash	1.0
Government debt securities	0.9
Corporate securities (traded on the KASE)	0.9
Residential real estate	0.8
Commercial real estate	0.8
Goods in turnover	0.7
Equipment	0.7

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

	As at 31 December					
	2005		2004		2003	
	(KZT million)	*(Share per cent.)*	*(KZT million)*	*(Share per cent.)*	*(KZT million)*	*(Share per cent.)*
Collateralised	162,075	86	49,550	89	30,067	93
Uncollateralised	25,577	14	6,365	11	2,234	7
Total gross loans	**187,652**	**100**	**55,915**	**100**	**32,301**	**100**

The following table sets forth a breakdown of total gross collateralised loans (before allowances for impairment losses) by type of collateral and as a percentage of the total gross loan portfolio as at 31 December 2005, 2004 and 2003:

	As at 31 December					
	2005		2004		2003	
	(KZT million)	*(Share per cent.)*	*(KZT million)*	*(Share per cent.)*	*(KZT million)*	*(Share per cent.)*
Loans collateralised by real estate	113,802	60.2	33,212	59.4	12,314	38.1
Loans collateralised by transport vehicles	19,261	10.2	3,227	5.8	2,721	8.4
Loans collateralised by liquid securities	8,394	4.4	2,321	4.2	2,839	8.8
Loans collateralised by deposits	6,188	3.3	1,302	2.3	2,156	6.7
Loans collateralised by goods	5,586	3.0	3,167	5.7	3,485	10.8
Loans collateralised by guarantees	5,419	2.9	4,216	7.5	1,859	5.8
Loans collateralised by equipment	4,902	2.6	2,132	3.8	4,693	14.5
Financial leasing	2,863	1.5	25	0.1	—	
Other	18,294	9.7	5,074	9.1	1,572	4.9
Accrued interest	4,420	2.3	1,239	2.2	662	2.0
Total gross loans	**189,129(1)**	**100**	**55,915**	**100**	**32,301**	**100**

(1) Before deduction of commission prepayment of KZT1,477 million.

Related borrowers of the Bank (borrowers that are related in some way, for example having common shareholders or being owned by other such companies), are treated as a single borrower by the Bank and are required to provide cross-collateral for loans. If there is a default by one company, all the other companies of the same group of borrowers become liable and the Bank can enforce collateral provided 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 also provide for both non-judicial and judicial foreclosure. To be enforceable, a pledge over immovable property is required to be registered with local departments of the Ministry of Justice. In certain cases, the same requirement applies to movable property. The Bank requires all of its pledges to be so registered.

Portfolio Supervision

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

Both loans and off-balance sheet exposures are classified by reference to: (i) the customer's financial performance; (ii) the timeliness of repayment of principal and/or interest; (iii) the quality of collateral; (iv) whether there has been any extension of the loan; (v) the timeliness of repayments on other loans; (vi) whether there has been any unauthorised use of the loan; (vii) whether other credits to that customer have been written off; and (viii) any rating assigned to the customer. Each of the criteria of financing is assessed and then assigned a risk weight grade according to the following matrix:

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

In relation to the financial performance criteria:

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

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

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

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

In relation to the quality of collateral criteria: "Reliable" means highly liquid collateral, in the form of Kazakhstan governmental guarantees, guarantees from banks having an international rating not less than

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

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

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

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

"No Collateral" means that the loan is not secured or any form of 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 FMSA requirements and under IFRS:

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

Total classified loans under the FMSA's classification comprise doubtful loans (irrespective of the categories) and loss loans. Total classified loans under IFRS comprise unsatisfactory loans, doubtful loans and loss loans.

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

The Risk Management Division produces a monthly report to the Credit Committee, which covers all aspects of the Bank's credit activity, including as to the timeliness of debt repayments and the classification of loans and contingent liabilities. Any deterioration in the overall quality of the entire loan portfolio is brought to the attention of the Bank's Management Board. If any repayment problems arise, the monitoring unit of the Risk Management Division notifies the director of the Risk Management Division and immediate action is taken by the Risk Management Division and the Corporate Finance Department, which together have responsibility for supervising and monitoring loan repayment if any principal or accrued interest repayment problems arise. The Bank's determination as to whether a repayment problem has arisen is based on a number of objective and subjective criteria, including the credit's classification as described above, sudden changes in volumes in the customer's accounts with the Bank, sudden changes in the standard of living of the customer, which imply improper use of credit facilities, applications to change credit terms, failure of the customer or a counterparty to fulfil terms under a contract relating to the credit, and refusal of a customer to cooperate in supplying documentation and/or evasion of the Bank's officers by the customer. 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 where possible. In particular, the Bank takes immediate steps to issue notices of default and to carry out the subsequent sale of any pledged collateral either in co-operation with the customer or by way of enforcement of security.

Provisioning Policy and Write-Offs

The classification matrix described above is also used to determine the provisioning rate 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. Actual provisions established take into account the value of any collateral or third party guarantees. For this reason, actual provision levels may differ from the prescribed provisioning rate.

The Bank considers a loan to be non-performing when either interest or principal payments are past their due date by 30 days or more. At such time, the accrual of interest is suspended. In 2004, the Bank changed its policy from that prescribed by the FMSA to IFRS methodology. Accordingly, the Bank does not write off loans until such time as the recovery value is determined to be zero. Once a loan has been fully provisioned by the Bank, the Risk Management Division continues to monitor the loan and related collateral for a five-year period in order to assess the possibility of making a subsequent recovery.

The Bank applies a provisioning policy under IFRS which is more stringent than the provisioning policy under relevant laws in Kazakhstan and under the regulations of the FMSA (collectively, ''Kazakhstan Practices''). In particular, no general provision is created for unclassified loans under Kazakhstan Practices, whereas IFRS requires the creation of a general provision of 2 per cent. of each credit exposure.

The FMSA's current requirements as to classification of and provisions in relation to loans and advances to customers are based not only on a borrower's debt service performance, but also on such criteria as a borrower's financial performance, quality of collateral and credit history. See ''—*Lending Policies and Procedures—Portfolio Supervision*''.

The tables below set forth certain information relating to the Bank's gross loans and the credit classifications and provisions in relation to them in accordance with IFRS as at 31 December 2005:

			As at 31 December 2005	
IFRS Risk Category	**Provisions/ Exposure[1]**	**Total Exposure**	**(per cent.)**	**Total Provisions**
	(KZT millions, except for percentages)			
Standard	6	120,845	65.4	
Sub-standard	13	56,063	30.4	2,888
	4	176,908		2,888
Unsatisfactory	225	3,361	1.8	719
Doubtful	767	985	0.5	492
Loss	219	3,455	1.9	3,455
Total classified	97	7,801		4,666
Total[2]	**4.1**	**184,709**		**7,555**

Notes:

(1) Provisions for impairment losses are stated net of the value of any collateral.

(2) Excluding accrued interest income.

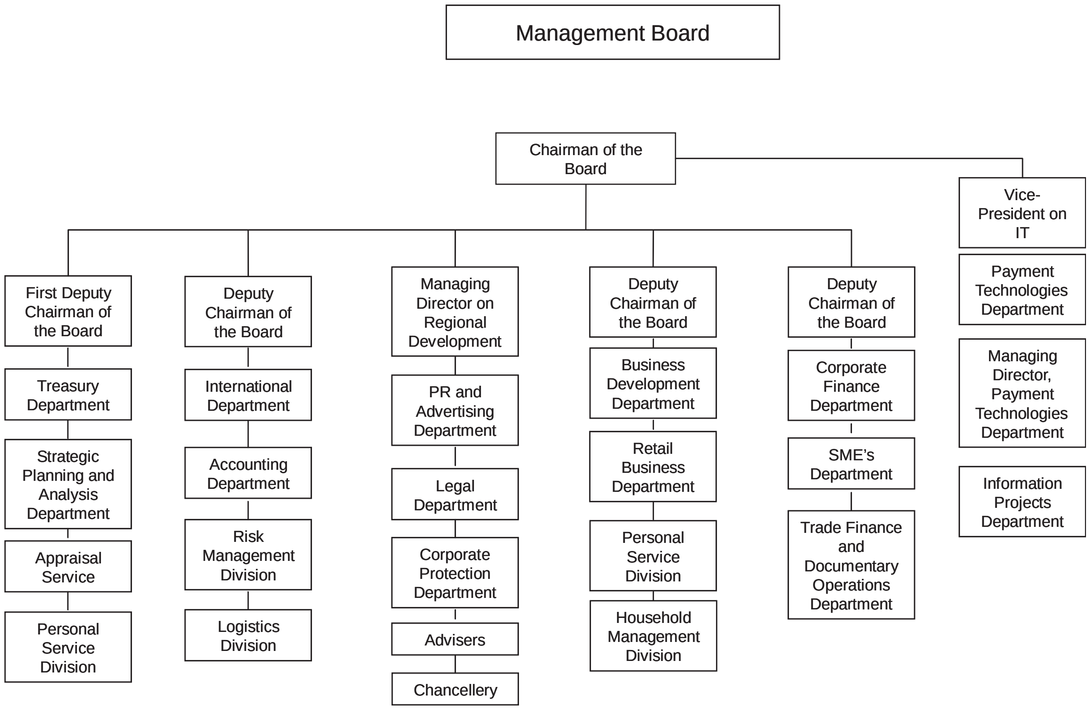
The effective level of provisions for impairment losses decreased as at 31 December 2005 to 4.1 per cent. from 4.8 per cent. as at 31 December 2004. Total classified loans increased by 136 per cent. as at 31 December 2005 compared to 31 December 2004, primarily as a result of a more conservative classification of some ''investment type'' loans for accounting purposes and certain tax considerations. The Bank intends to maintain the level of its provisioning at approximately 4.0 per cent.

Non-performing loans, determined in accordance with IFRS (including classified and certain substandard loans under the NBK methodology), which include loans on which accrual of interest has been suspended, were KZT3,400 million, or 1.8 per cent. of the Bank's gross loan portfolio, as at 31 December 2005, compared with KZT1,617 million, or 2.9 per cent. of gross loans as at 31 December 2004.

MANAGEMENT AND EMPLOYEES

Organisation Chart

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



Management

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 Audit Committee, which is responsible for overseeing the financial control of the Bank's activities. The General Shareholders' Meeting is the highest corporate governing body 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 recent amendment to this law (made on 8 July 2005) vests in a Board of Directors the final approval of the majority of corporate decisions, including the authorisation to issue the Notes.

The shareholders elect the members of the Board of Directors. The Board of Directors in turn elects members of the Management Board. The Board of Directors represents the interests of shareholders. It is responsible for the overall management of the Bank and approves its strategic and operational plans. The Board of Directors does not perform day-to-day management 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 Audit Committee oversees the Bank's accounting and internal control processes.

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 to protect shareholders' interests. The authorities of the Board of Directors include deciding the strategy of the Bank, defining the investment, credit and other policies of the Bank, nominating the Chairman and members of the Management Board, approving the amount and source of any dividends, approving material contracts, approving all loans to customers amounting to 25 per cent. of the Bank's capital, calling General Shareholders' Meetings and approving the Bank's budget.

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

Name	Position
Igor Mazhinov	Chairman of the Board of Directors, First Deputy General Director of "HOZU Corporation" LLP
Anatoliy Popelyushko	Member of the Board of Directors, President of "Rakhat" Confectionery
Anuar Beisebayev	Member of the Board of Directors, Chairman of the Board of Seimar Investment Group
Zhomart Yertayev	Member of the Board of Directors, Alliance Bank's Chairman of the Board
Kanat Assylov	Member of the Board of Directors, Director of "Steiner und Zingermann LLP"

All members of the Board of Directors are elected for a period of one year.

The business address of the Board of Directors is 100A Furmanov Street, 050000, Almaty, Kazakhstan.

Management Board

The Management Board is responsible for the day-to-day management and administration of the Bank's activities. The Management Board has all executive powers, in contrast to the Board of Directors' supervisory role. The Management Board's responsibilities include making executive business decisions, implementing the Bank's business strategy, appointing senior management and branch representatives of the Bank and dealing with all other matters not reserved to the Board of Directors or the General Meeting of Shareholders.

The Management Board consists of five members (including two, who have not yet been approved by the NBK) chosen by the Board of Directors. As at the date of this Prospectus, the members of the Management Board are:

Name	Position
Zhomart Yertayev	Chairman of the Management Board
Alexey Ageyev	First Deputy Chairman of the Management Board
Nurtaza Baitenov	Deputy Chairman of the Management Board
Elina Reshetova	Acting as Deputy Chairman of the Board (1)
Dauren Kereibayev	Acting as Deputy Chairman of the Board (1)

(1) Pending NBK approval

Management Team

The Management Team comprises the individuals responsible for the day-to-day management of their respective departments or divisions and who report regularly to the Management Board in relation to the status of their respective departments. Any of the Management Team can be called to sit at a meeting of the Management Board as appropriate.

The Management Team consists of 14 members. As at the date of this Prospectus, the members of the Management Team are:

Name	Position
Kairat Beketov	Managing Director, Legal Issues
Konstantin Babkin	Managing Director, PR & Advertising
Almira Akhmetkarimova	Director, International Relations
Dinara Umarova	Director, Strategic Planning and Analysis
Irina Stepanova	Managing Director, Retail Business Development
Aida Sultanova	Managing Director, Business Development
Timur Kounanbayev	Managing Director, Corporate Finance, CFA
Abylkasym Mamyrbekov	Managing Director, Business Accounting Department
Irina Ivanova	Director, Treasury Department
Alexey Vorontsov	Managing Director, Informational Projects
Oleg Grishechkin	Director, Corporate Protection
Regina Ogatayeva	Director, SMEs Department
Ildar Amreyev	Director, Payment Technologies Department
Oksana Ivashina	Director, Trade Finance and Documentary Operations Department

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

Zhomart Yertayev — Chairman of the Management Board. (33) Mr. Yertayev has ten years of experience in the banking sector. His principal area of expertise is financial analysis and business management. He has held the position of Chairman of the Management Board since 2002 having joined the Bank from the position of Chairman of the Board at Seimar Investment Group. Previously, he was chairman of the board of Alfa Bank in Kazakhstan. Mr. Yertayev has a degree in Economics from the Kazakh State Architecture and Construction Academy, Almaty. Alliance Bank's Legal Department, PR and Advertising, Internal Audit and HR departments are under Mr. Yertayev's supervision.

Alexey Ageyev — First Deputy Chairman of the Management Board. (33) Mr. Ageyev has over ten years of experience in the banking sector. He held key positions in different financial institutions including the local branch of Alfa Bank and Semipalatinsk City Bank. In 2002, he was nominated as First Deputy Chairman of the Management Board of the Bank. Mr. Ageyev has a degree in applied mathematics from the Moscow State University of Mechanics and Mathematics. Mr. Ageyev is responsible for Treasury, Corporate Finance, Evaluation, monitoring of Business Development, Marketing and Product Development and Banking Technologies at the Bank.

Nurtaza Baitenov — Deputy Chairman of the Management Board. (40) Mr .Baitenov has more than 12 years' experience in diverse aspects of auditing. From 1993 to 2004, he held key positions including Arthur Andersen in Ukraine, the United States and Central Asia and Deloitte & Touche Central Asia. In 2004, he was assigned to the position of Deputy Chairman of the Management Board. Mr. Baitenov is a member of the Association of Auditors of the Republic of Kazakhstan. Mr. Baitenov supervises the Accounting, Financial Planning, International Relations and Risk Management divisions of the Bank.

Elina Reshetova — Acting as Deputy Chairman of the Board. (36) Prior to her appointment at the Bank in 2002, Mrs. Reshetova held key positions in a number of major investment and financial companies. She has a degree in Engineering from Almaty Architecture and Construction Institute, a Masters of Business Administration from KIMEP and a degree in Finance from the London School of Economics. Mrs. Reshetova held the position of Managing Director of Corporate Finance during 2003-2005.

Dauren Kereybayev — Acting as Chairman of the Board. (34) Mr. Kereybayev has more than 13 years of experience in the banking sector. At the time of the reorganisation of IrtyshBusinessBank into the Bank in 2002-2005, he held the position of Managing Director in charge of the Finance Planning Department. Mr. Kereybayev has a degree in applied mathematics from the Novosibirsk State University (Russia) and a degree in finance from the Kazakh State Academy of Management.

Kairat Beketov — Managing Director, Legal Issues. (31) Mr. Beketov has professional experience in different organisations including Banking Association of Kazakhstan, the legal department of the Kazakhstan International Bank and Steiner und Zingermann law firm. In 2001, he joined the Bank as the Managing Director responsible for legal issues. Mr. Beketov has a masters degree in Law from the Kazakh State University, Almaty.

Almira Akhmetkarimova — Director, International Relations. (27) Ms. Akhmetkarimova has more than seven years of experience in the finance and banking sector. She joined the Bank from the Kazakhstan International Bank in 2002, where she specialised in project finance. She was appointed as a Director of the International Relations Department of the Bank early in 2004. Ms. Akhmetkarimova has a degree in Finance from the East Kazakhstan State University.

Irina Ivanova — Director, Treasury Department. (34) Ms. Ivanova joined the Bank in early 2004 as Head of the Dealing Division and was appointed Director of the Treasury Department in late 2005. Prior to that, she worked for various Kazakh banks including Sanurbank, Bank CenterCredit and Eurasian Bank. She has more than nine years experience in the banking sector. Ms. Ivanova graduated from the Eurasian Institute of the Market with major in Finance and Credit.

Konstantin Babkin — Managing Director, PR and Advertising. (34) Mr. Babkin has had various positions in different PR departments and press-services of government agencies. In 2002, he joined the Bank as a Managing Director for PR and Advertising. His education includes a degree in history and social science from Semipalatinsk Institute of Education and a degree in Public Relations and Advertising from Moscow State University.

Abylkasym Mamyrbekov — Managing Director, Accounting Department, Chief Accountant. (39) From 1995 to 2002, Mr. Mamyrbekov worked for Bank CenterCredit and left his position of Deputy Managing

Director of the Analysis and Risk Control Department to join the Bank in 2002 as a Chief Accountant. Mr. Mamyrbekov has a degree in Engineering and System Analysis from Kazakh Polytechnic Institute and a degree in Economics and Finance from Eurasia Market Institute.

Irina Stepanova — Managing Director, Monitoring of Business Development. (36) From 1993 to 2004, Mrs. Stepanova held a senior position at Texaka Bank CJSC. In 2004, she joined to lead the Monitoring of Business Development Department of the Bank as a Managing Director. Mrs. Stepanova has an Economics degree from the Kazakh State Academy of Management and a degree from the Kazakh State University of International Relations and Languages.

Aida Sultanova — Managing Director, Marketing and Product Development. (40) Mrs. Sultanova has held various positions at the National Bank of Kazakhstan and, in 2004, she was appointed as Managing Director, Marketing and Product Development of the Bank. Mrs. Sultanova has a degree from the Kazakh State Architecture and Construction Academy, Almaty. She also obtained a degree in Economics from the Institute of Market attached to the Kazakh State Academy of Management and has a PhD degree in Economics. Mrs. Sultanova has been in her current position since 2004.

Timur Kounanbayev — Director, Corporate Finance, CFA. (29) Before Mr. Kounanbaev joined the Bank in 2003, he worked for Central Asian American Enterprise Fund as a Regional Investment Manager. Mr. Kounanbaev has been in his current position since 2004. Mr. Kounanbaev graduated from the Kazakh State Academy of Management in 1998. He obtained a Masters degree in Economics from Sydney University and a CFA qualification in 2004.

Oleg Grishechkin — Director, Corporate Protection. (53) Mr. Grishechkin has professional experience of security issues from different organisations including Halyk Savings Bank of Kazakhstan and the International Airport of Almaty. Mr. Grishechkin graduated from the Kuybishev Aviation Institute in 1975. Mr. Grishechkin has been in his current position since 2002.

Alexey Vorontsov — Managing Director, Informational Projects. (37) Mr. Vorontsov has held different positions in different banks and companies including the Kazakh branch of Alfa Bank, IrtyshBusinessBank, Hilan Tech Solutions, Israel, Apoalim Bank, Israel and First International Bank of Israel. Mr. Vorontsov graduated from the Institute of Automotive Systems of Management and Radio Electronics, Tomsk. In 2004, he joined the Bank as the Managing Director of Information Projects.

Dinara Umarova — Director, Strategic Planning and Analysis Department. (37) Ms. Umarova has more than nine years of experience in the banking sector. Previously she held various positions in Agro Bank and Caspian Bank. She joined the Bank in 2002 as Head of the Economic Analysis Division. She was appointed as Director of the Strategic Planning and Analysis Department early in 2006. Ms. Umarova has a degree in Banking from Central Asian University, Almaty.

Regina Ogatayeva — Director, SMEs Department. (34) Before Ms. Ogatayeva joined the Bank in 2002 as the Head of Documentary Operations Division, she worked for Komirbank OJSC as the Head of Correspondent Relations and Documentary Operations Department. She has a degree in banking business organisation from Kazakh State Academy of Management. Ms. Ogatayeva has held her current position since October 2005.

Ildar Amreyev — Director, Payment Technologies Department. (38) Prior to joining the Bank, Mr Amreyev worked at Alem Kard as a General Director from 2002 to 2005. He graduated from Moscow Technical University of Communication with a degree in telecommunications engineering. He joined the Bank in May 2005 as the Head of the Bank Cards Division. Mr. Amreyev has held his current position since September 2005.

Oksana Ivashina — Director, Trade Finance and Documentary Operations Department. (38) Before Ms. Ivashina joined the Bank in 2004 as the head of the Documentary Operations Subdivision, she worked for AlemBank, Kazinterbank and Temirbank. She graduated from Kazakh State Academy of Management with major in Finance and Credit. Ms. Ivashina been in her current position with the Bank since January 2006.

The Bank also has the following committees:

Asset and Liability Management Committee

The current members of the Asset and Liability Management Committee are as follows:

Name	Position
A. Ageyev	First Deputy Chairman of the Board, Chairman of the Committee
N. Baitenov	Deputy Chairman of the Board
E. Reshetova	Acting as Deputy Chairman of the Board
D. Kereybayev	Acting as Deputy Chairman of the Board
I. Ivanova	Director Treasury Department

For a description of the duties of the ALCO, see "*Description of the Bank — Asset and Liability Management — Risk Management*".

Credit Committee

The current members of the Credit Committee at head office are as follows:

Name	Position
A. Ageyev	Deputy Chairman of the Board, Chairman of the Committee
K. Beketov	Managing Director on Legal Issues, Deputy Chairman of the Board
E. Reshetova	Acting as Deputy Chairman of the Board
E. Rykunova	Head of Risks Control Division

The Credit Committee is responsible for implementing the Bank's credit policy with minimum credit risk and maximum profitability. It also decides the Bank's short- and long-term credit policies. The Credit Committee meets on a weekly basis.

Tariff Committee

Name	Position
D. Kereybayev	Acting as Deputy Chairman of the Board. Chairman of the Committee.
I. Stepanova	Managing Director, Retail Business Development Department
A. Sultanova	Managing Director, Business Development Department
T. Kounanbayev	Managing Director, Corporate Finance
E. Markova	Deputy Director, Banking Technologies Department — Head of Products Technologies Division

The Tariff Committee of the Bank is responsible for forming the Bank's pricing policy to ensure it offers competitive rates and tariffs.

Retail Credit Committee

Name	Position
I. Stepanova	Managing Director, Retail Business Development Department, Chairman of the Committee
D. Kereybayev	Acting as Deputy Chairman of the Board
K. Beketov	Managing Director, Legal Issues
E. Rykunova	Head of Risks Control Division

The Retail Loan Committee reports to the Credit Committee of the Ba,nk and is responsible for developing the Bank's short- and medium-term retail lending strategy, as well as establishing credit limits for the individual branches.

Management Remuneration

In accordance with the Bank's charter, the remuneration and compensation of the members of the Bank's senior management team are determined by the shareholders of the Bank. The Bank paid such members KZT11.9 million in aggregate for the year ended 31 December 2004 and KZT20.6 million in aggregate for the year ended 31 December 2005.

The following table sets out the principal amount of loans outstanding to members of the Board of Directors and the Management Board as at 31 December 2005.

	As at 31 December 2005
	Principal amount outstanding
	(KZT thousands)
Zhomart Yertayev — Chairman of the Board	89,387
Alexey Ageyev — First Deputy Chairman of the Board	11,034
Kanat Asylov — Member of the Board of Directors	2,350
Nurtaza Baitenov — Deputy Chairman of the Board	1,474
Igor Mazhinov — Chairman of the Board of Directors	27

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.

As at 31 December 2005, the Bank's senior and middle management held in aggregate less than 11 per cent. of the outstanding share capital of the Bank. The following table sets out information on the percentage ownership (direct and indirect) by the directors and senior and middle management of the Bank as at 31 December 2005:

	As at 31 December 2005	
	Direct	Indirect
	(per cent.)	
Zhomart Yertayev — Chairman of the Board	0.004	4.90
Alexey Ageyev — First Deputy Chairman of the Board	0.02	5.64

Employees

As at 31 December 2005, the Bank had 1,831 full-time employees, of which 1,312 were employed at the Bank's branches. The increase in total full time employees from 888 as at 31 December 2004 principally reflected the expansion of the branch network. The Bank has never experienced industrial action or other work stoppages resulting from labour disputes. The Bank currently has a staff motivation and social package in place for the employees of the Bank.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Bank towards the Bank and their private interests and/or other duties.

PRINCIPAL SHAREHOLDERS

The Bank's common shares are listed on the "A" list of the KASE. The Bank currently has more than 38 shareholders. The following table sets out information as to all holders of more than 5 per cent. of the Bank's common shares as at 31 December 2005. 0 A9.10.1

Name	Shareholding
	(per cent.)
Seimar Investment Group	32.7
JSC Rakhat	9.8
Management	10.6
Central Depositary of Securities	8.9
Others	38.0
Total	**100.00**

The above shareholders are legally unrelated, although there are agreements among certain shareholders of the Bank.

Seimar Investment Group is a large industrial investment company, based in Kazakhstan, which was founded in 1991. Prior to the middle of 2005, the group was engaged in a variety of industry sectors, including: the provision, storage and processing of grain and rice; egg and poultry production; paper and cardboard manufacturing; telecommunications; and, investing in different industrial projects within Kazakhstan. In the middle of 2005, the group disposed of its interests in all industry sectors except banking, finance and insurance with a view to concentrating on these latter sectors. In addition to holding shares in the Bank, Seimar Investment Group is the beneficial owner of JSC Alliance Leasing and JSC Alliance Policy. Seimar Investment Group is beneficially owned by Mr. Margulan Seisembayev, a prominent Kazakhstan businessman, and his two brothers.

The Central Depositary of Securities is the only depositary in the Republic of Kazakhstan and is authorised to hold securities issued by the Ministry of Finance and provides services for state, municipal and non-state (trading on stock exchange) securities.

Rakhat Confectionery is one of the largest businesses in the Kazakhstan food industry. It was established in 1942 and has well-established production methods and technology. Management has been advised that as at the date of this Prospectus, Rakhat Confectionery estimates that it has an approximate 60 per cent. share of Kazakhstan's confectionery market.

On 25 February 2006, Seimar Investment Group obtained approval from the FMSA to become a bank holding company. During the course of 2005, Seimar obtained options over shares that would give Seimar a controlling interest in the Bank. Management of the Bank understand that Seimar intends to exercise such options before the end of the first half of 2006.

TRANSACTIONS WITH RELATED PARTIES

For a description of the definition of related parties under IAS 24 "Related Party Disclosure", see note 31 to the 2005 Consolidated Financial Statements included elsewhere in this Prospectus.

The Bank had the following transactions outstanding with related parties as at 31 December 2005, 2004 and 2003:

	As at 31 December					
	2005		2004		2003	
	Related party transactions	Total	Related party transactions	Total	Related party transactions	Total
Loans and advances to customers, gross..	5,517	187,652	374	55,915	752	32,301
Allowance for impairment losses on loans and advances to customers	230	7,555	21	2,606	2	1,631

During the years ended 31 December 2005, 2004 and 2003, the Bank originated loans and advances to related parties of KZT8,244 million, KZT241 million and KZT29 million, respectively, and received repayments of such loans and advances of KZT3,100 million, KZT619 million and KZT1,940 million, respectively. The Bank had interest income accrued in respect of loans and advances granted to related parties totalling KZT154 million, KZT4 million and KZT5 million, respectively, as at 31 December 2005, 2004 and 2003.

Transactions with related parties accounted for the following amounts in the Bank's consolidated profit and loss account for the years ended 31 December 2005, 2004 and 2003:

	For the years ended 31 December					
	2005		2004		2003	
	Related party transactions	Total	Related party transactions	Total	Related party transactions	Total
Interest income						
Related companies................................	259		15		9	
Directors	31		6		9	
	290	17,562	21	6,973	18	4,292
Interest expense						
Related companies................................	301		2		6	
Directors	—		4		6	
	301	11,777	6	4,205	12	2,611
Fee and commission income						
Related companies................................	3	3,411	—	1,380	—	616
Operating expenses						
Directors	139,795	4,188	44	2,261	35	1,464

Transactions with related parties entered into by the Bank during the years ended, and outstanding as at, 31 December 2005, 2004 and 2003 were made in the normal course of business and under arm's-length conditions.

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 and remove (with the approval of Parliament) 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 to, and to participate in the liquidation of, financial institutions.

Banking

Structure of the Banking System of Kazakhstan

Kazakhstan has a two-tier banking system, with the NBK comprising the first tier and all other commercial banks comprising the second tier. Generally, all credit institutions in Kazakhstan are required to be licensed and regulated by the FMSA, or prior to 2004, by the NBK.

Banking Reform and Supervision

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

In addition, to strengthen the banking industry, promote stability and move towards internationally accepted practices, the NBK required commercial banks to adopt recapitalisation and corporate enhancement plans with the aim of enhancing their ability to attract long-term, private investors. In 2000, guidelines were established for bank inspections and for periodic reporting by commercial banks to the NBK, now the FMSA. In 2003, all banks were requested to develop and install internal risk management systems.

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

The objective of these reforms was to bring supervisory practices closer to international standards to allow for a more transparent view of banks' levels of capitalisation and exposure to financial risks.

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

In September 1995, the NBK introduced international prudential standards such as capital adequacy requirements and liquidity ratios to regulate and protect the banking system. On 30 September 2005, the FMSA adopted a resolution (as amended in November 2005), ''On approval of rules on prudential norm and methodics of the calculation of prudential norms for the second tier banks'', which replaced the NBK resolution of 3 June 2002 as amended by the NBK in November 2002, March 2003 and May 2003, and by the Association of Kazakhstan Financiers in February 2004 and June 2004. The resolution set limits and rules for calculating capital adequacy, single party exposure, liquidity ratios and open currency positions amongst other matters. Currently, the approval of prudential rules as well as supervision of their fulfilment is the responsibility of the FMSA.

The NBK also works closely with the FMSA and the banks to enhance the overall viability and solvency of the banking system.

In December 1999, a self-funded domestic deposit insurance scheme was established and as at 31 December 2005, 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 per cent. or more (whether held independently or jointly with another legal entity) in a Kazakhstan bank. Furthermore, a foreign entity holding 10 per cent. or more of a Kazakhstan bank must have a minimum required credit rating from one of the rating agencies, a list of which is set by the authorisers' body.

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 per cent. for the K1 ratio (compared to a generally applicable ratio of 6 per cent.) and 10 per cent. for the K2 ratio (compared to a generally applicable ratio of 12 per cent.). A bank holding company is an entity, whether domestic or foreign, that owns more than 25 per cent. of the voting shares of a Kazakh bank and has received the FMSA's permission to be a bank holding company. Separately, the FMSA introduced more stringent requirements for internal risk management and supervision on a consolidated basis (for banks and bank holding companies).

Commercial Banks

According to the NBK, as at 31 December 2005, there were 34 commercial banks in Kazakhstan, excluding the NBK and the DBK, compared to 44 as at the end of 2001 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 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 banks as it is not licensed to accept commercial or retail deposits or to provide corporate settlement services.

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 KZT2.1 billion. In June 2005, the banking licence granted to JSC Nauryz Bank was terminated by the FMSA, and currently JSC Nauryz Bank is in the process of liquidation as required by a court ruling in November 2005.

On 24 December 2005, the FMSA adopted a resolution to suspend the banking licence granted to JSC Industrial Bank of Kazakhstan for six months due to violations of prudential standards. As of 31 December 2005, all of the commercial banks licensed in Kazakhstan were in compliance with prudential regulatory requirements as to capital adequacy, single borrower limits, liquidity ratios, foreign currency limits and reserve requirements.

The financial standing of Kazakhstan's banks varies. As at 31 December 2005, 21 of the 34 commercial banks (excluding the NBK and the DBK) had registered capital of over KZT2 billion and 12 banks had registered capital of KZT1 billion to KZT2 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.

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 December 2005, there were 14 banks with foreign participation operating in Kazakhstan, including ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Kazakhstan. Under relevant legislation, a bank "with foreign participation" is defined as a bank with more than one-third foreign ownership. 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 Société Générale.

Industry Trends

According to the NBK, the total capital of commercial banks increased 44.9 per cent. in 2003, 62.4 per cent. in 2004 and 69.3 per cent. in 2005, amounting to approximately KZT587.2 billion. During such period, the total assets of such banks increased by 68 per cent. and, as at 31 December 2005, amounted to approximately KZT4,515.1 billion. In 2005, the aggregate liabilities of such banks increased by 68.6 per cent. and amounted to approximately KZT4,073.4 billion as at 31 December 2005 and their aggregate net income increased 131.2 per cent. in 2005, amounting to KZT73.3 billion in 2005. The share of total assets of the second-tier banks in Kazakhstan's GDP as at 31 December 2005 amounted to 61.8 per cent. as compared to 48.5 per cent. at the end of 2004 and 37.7 per cent. at the end of 2003.

TAXATION

The following is a general description of certain tax considerations relating to the Securities. It does not purport to be a complete analysis of all tax considerations relating to the Securities. Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus,as interpreted in published case law, and is subject to any change in law that may be introduced at a later date and implemented with or without retroactive effect.

Kazakhstan Taxation

Under Kazakhstan law as currently in effect, interest payable by the Issuer to an individual who is not a resident of Kazakhstan or to a legal entity that is neither established under Kazakhstan law nor has its actual governing body (place of actual management) in or maintains a permanent establishment in or has a taxable presence in Kazakhstan (together, "Non Kazakhstan Holders") will not be subject to taxation in Kazakhstan and no Kazakhstan withholding tax will be deducted from such payments.

Interest payable by the Issuer to residents of Kazakhstan or to non-residents who maintain a registered permanent establishment in Kazakhstan (together, "Kazakhstan Holders"), other than individuals, will be subject to Kazakhstan income tax.

Payments of interest from the Bank to the Issuer to fund the Issuer's ALB Finance's obligations to make payments under the Securities 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. The Bank will agree in the Subordinated Loan Agreement and the Trust Deed to pay additional amounts in respect of any such withholding, subject to certain exceptions. See also "Terms and Conditions of the Securities — Condition 13 (*Taxation*)". The enforceability in Kazakhstan of such an agreement has not to date been determined by the courts of Kazakhstan and, therefore, there may be some doubt as to whether they would enforce such an agreement.

Gains realised by Non Kazakhstan Holders from the disposal, sale, exchange or transfer of the Securities will not be subject to Kazakhstan income tax.

Gains realised by Kazakhstan Holders from the disposal, sale, exchange or transfer of Securities will be subject to Kazakhstan income tax, unless the Securities are listed on the "A" or "B" lists of the KASE. As from 1 January 2007, such gains will not be subject to Kazakhstan income tax if the Securities are included as of the date of sale in one of the two highest categories of listings on the KASE and the sale is made through an open auction on the KASE.

The Netherlands

Withholding Tax

No Netherlands withholding tax is due upon payments of interest and principal on the Securities. If the Securities are not redeemed on the First Call Date, they may be treated as equity for Dutch tax purposes and, as a consequence, interest on the Securities may become subject to withholding tax.

Corporate Income Tax and Individual Income Tax

This paragraph does not describe the Dutch tax consequences of the acquisition, holding and disposal of the Securities if a holder of Securities or, in the event the holder is an individual, individuals related to such holder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest (statutorily defined terms) in the Issuer.

Generally speaking, a holder of Securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his/her partner (a statutorily defined term), directly or indirectly, holds an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or holds rights to acquire, directly or indirectly, such interest; or holds certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Residents of The Netherlands

Generally speaking, if the Securityholder 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 Securities or any gain realised on the disposal or deemed disposal of the Securities is subject to a 29.6 per cent. corporate income tax rate (a corporate income tax rate of 25.5 per cent. applies with respect to taxable profits up to €22,689, the first bracket for 2006). Please note that these rates will be decreased to 29.1 per cent. and 24.5 per cent. as from 1 January 2007.

If the Securityholder is an individual, resident or deemed to be resident of The Netherlands for Netherlands tax purposes (including an individual Securityholder who has opted to be taxed as a resident of The Netherlands), the income derived from the Securities and the gains realised upon the redemption and disposal of the Securities are taxable at the progressive rates of the Income Tax Act 2001 if:

(i) the Securityholder has an enterprise or an interest in an enterprise, to which enterprise the Securities are attributable; or

(ii) such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Securities that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual Securityholder, the actual income derived from the Securities and the actual gains realised with respect to the Securities will not be taxable in The Netherlands. Instead, such Securityholder will be taxed at a flat rate of 30 per cent. on deemed income from "savings and investments" (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4 per cent. of the average of the individual's "yield basis" (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Securities will be included in the individual's yield basis.

Non-residents of The Netherlands

A Securityholder that is neither a resident nor deemed to be a resident of The Netherlands for Netherlands tax purposes (and who has not, if such Securityholder is an individual, opted to be taxed as a resident of The Netherlands) is not taxable in respect of income derived from the Securities and gains realised upon the redemption and disposal of the Securities, unless:

(i) the Securityholder has an enterprise or an interest in an enterprise, that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which establishment or representative the Securities are attributable; or

(ii) the Securityholder is entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Securities are attributable; or

(iii) the Securityholder is an individual and such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) in The Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities in The Netherlands with respect to the Securities that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Residents of The Netherlands

Generally, gift and inheritance taxes will be due in The Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a Securityholder who is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of The Netherlands nationality is, amongst other, deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax if he or she has been resident in The Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax only if he or she has been residing in The Netherlands at any time during the twelve months preceding the time of the gift.

Non-residents of The Netherlands

No gift or inheritance taxes will arise in The Netherlands in respect of the acquisition of the Securities by way of gift by, or as a result of the death of, a Securityholder who is neither a resident nor deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax, unless:

(i) such Securityholder at the time of the gift has or at the time of his or her death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which establishment or representative the Securities are or were attributable; or

(ii) the Securities are or were attributable to the assets of an enterprise that is effectively managed in The Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or

(iii) in the case of a gift of the Securities by an individual who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such individual dies within 180 days after the date of the gift, while at the time of his or her death being a resident or deemed to be a resident of The Netherlands.

Treaties

Treaties may limit The Netherlands' sovereign authority to levy gift and inheritance tax.

Other Taxes and Duties

No Netherlands VAT, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in The Netherlands by a Securityholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Securities.

EU Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a Directive (2003/48/EC) on the taxation of savings income. From 1 July 2005, Member States are required 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 (unless during that period they elect otherwise) are operating a withholding system in relation to such payments.

A number of third countries and territories have adopted similar measures.

SUBSCRIPTION AND SALE

Credit Suisse Securities (Europe) Limited and UBS Limited (the ''Managers''), have, upon the terms and subject to the conditions contained in the subscription agreement dated 13 April (the ''Subscription Agreement'') between the Issuer, the Bank and the Managers, agreed to subscribe and pay for the Securities at their issue price of 98.417 per cent. of their principal amount less a combined management, underwriting and selling commission of U.S.$2,430,500. The Issuer and the Bank have also agreed to reimburse the Managers for certain expenses incurred in connection with the management of the issue of the Securities. The 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 Securities.

United States

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

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

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

United Kingdom

Each Manager has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Republic of Kazakhstan

Each Manager has agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Securities 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 Bank or the Managers that would, or is intended to, permit a public offering of the Securities, 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 Bank and each Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Securities or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Securities, in all cases at their own expense.

GENERAL INFORMATION

1. The Issuer and the Bank have obtained all necessary consents, approvals and authorisations required in connection with the issue and performance of the Securities and the Subordinated Support Agreement respectively.

2. The creation and issue of the Securities was authorised by resolutions of the shareholder and Board of Managing Directors of the Issuer dated 29 March 2006 and was approved by a resolution of the Board of Directors of the Bank dated 17 March 2006.

3. The Subordinated Support Agreement was authorised by the Bank by a resolution of its Board of Directors passed on 17 March 2006.

4. Application has been made to the UK Listing Authority for the Securities to be admitted to the Official List and to the London Stock Exchange plc for such Securities to be admitted to trading on the London Stock Exchange plc's Gilt Edged and Fixed Interest Market. In addition, the Bank shall use its best endeavours to cause the Securities to be listed on the KASE.

5. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg under ISIN XS0251702618 and Common Code 025170261.

6. There has been no significant change in the financial or trading position of the Bank and its subsidiaries taken as a whole since 31 December 2005 and no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole since 31 December 2005.

   There has been no significant change in the financial or trading position of the Issuer since its date of incorporation (other than set out on page 58 of the Prospectus under "The Issuer – Capitalisation" and "– Business") and no material adverse change in the prospects of the Issuer since its date of incorporation.

7. Neither the Issuer nor the Bank is involved or has been involved during the previous 12 months in any government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Bank (as the case may be) are aware) which may have, or have had in the recent past, significant effect on the financial position or profitability of the Bank and its subsidiaries taken as a whole or of the Issuer.

8. 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 Securities.

9. So long as any of the Securities remain listed on the Official List, copies in English of the following documents will be available from the specified office of the Principal Paying Agent and Transfer Agent during normal business hours:

   (a) the constitutional documents of the Issuer and the Bank;

   (b) copies of the authorisations in paragraph 2 above;

   (c) a copy of this Prospectus, together with any supplement to this Prospectus;

   (d) the Deposit Agreement;

   (e) the Paying Agency Agreement;

   (f) the Trust Deed, which contains the forms of the Securities in global and definitive form;

   (g) the Subordinated Support Agreement; and

   (h) the audited consolidated financial statements of the Bank as at and for the years ended 31 December 2005, 2004 and 2003, prepared in accordance with IFRS.

10. The Bank's independent auditors are TOO Deloitte & Touche. The Bank's consolidated financial statements for the years ended 31 December 2005, 2004 and 2003 were audited by TOO Deloitte & Touche. TOO Deloitte & Touche's audit reports are included in this Prospectus.

11. The Issuer's independent auditors are Mazars Paardekooper Hoffman.

12. The total fees and expenses in connection with the admission of the Securities to trading on the London Stock Exchange Gilt Edged and Fixed Interest Market are expected to be approximately U.S.$2,800,000.

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Consolidated Financial Statements of the Bank

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